Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din.0.650	Italy .... L 1200	S. Arabia . Rls 6.00
Belgium ... BFr.38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils.500	Spain .... Pta 100
Cyprus .. Mils 800	Kuwait ... Fils.500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt £E1.00	Luxembourg . LFr.38	Switzerland SFr 2.00
Finland .. Fmk 5.50	Malaysia .. Rin 4.25	Taiwan ... NT $85
France .. FFr. 6.00	Mexico .. Pes. 305	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 180
Greece ...... Dr 80	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Beyond the great American equity revival, Page 8

NEWS SUMMARY

GENERAL

German disquiet on Iraq arms link

The Bonn Government is embarrassed over the sale of helicopters to Iraq carrying West German military equipment but built under licence in Spain.

Bonn has highly restrictive laws against the sale of arms to "areas of tension" such as the Gulf, where the Iran-Iraq war is being fought. Iraq has already received 24 Bo 105 helicopters – some also equipped with Swiss weapons – according to their West German maker, Messerschmitt-Bölkow-Blohm (MBB).

Meanwhile, Greece has announced its intention to buy 40 French-made Mirage 2000 interceptor aircraft as part of a $2bn purchase of up to 100 new fighters. Page 10

Progress on treaty

Chile and Argentina are near agreement on a treaty to end their dispute over the Beagle Channel, according to the Vatican, which has been mediating since 1979.

Hijacker held

A German-speaking hijacker surrendered when armed police stormed the French DC-8 cargo aircraft he had forced to fly to Marseilles airport after it had taken off from Algeria.

'Green Line' deaths

A Lebanese army officer and three soldiers were killed when a mine exploded during clearing operations along the "Green Line" in central Beirut.

Poland attacks U.S.

Poland's state-controlled press has criticised President Reagan's easing of sanctions against Poland as insufficient and said the U.S. was still trying to interfere in the country's affairs.

Plea to UK miners

Mr Ian MacGregor, National Coal Board chairman, has issued his second direct appeal to striking UK miners to return to work. Page 5

KGB blamed

U.S. Attorney-General William French Smith said letters purportedly written by the Ku Klux Klan threatening Third World athletes were forgeries by the Soviet KGB.

Soviet warning

The Soviet Union, which will conduct missile tests during August between the Marshall and Hawaiian islands, has warned ships and aircraft to avoid that area.

Japan fires missile

Japan has successfully test-fired its first locally made ground-to-air missile. Its target was destroyed 20 seconds after takeoff in Shizunai, northern Japan.

Botha tour

South African Prime Minister Mr P.W. Botha is likely to visit several African countries in October, possibly including Ivory Coast, Zambia, Zaire, Gabon, Mozambique and Morocco, according to official sources. Page 3

Zanu wins poll

Candidates of Zimbabwe's ruling Zanu-PF party won all 10 contested seats in local government elections in Harare.

Burton funeral

Richard Burton will be buried on Thursday in Celigny, Switzerland, near his villa "Pays de Galles".

BUSINESS

Wall St fails to maintain upswing

WALL STREET failed to sustain last week's meteoric progress yesterday and the Dow Jones industrial average closed just 0.88 points up at 1,202.96. A carry-over from last week's strength had taken the average 21 points ahead in the first half-hour but, although trading remained heavy, prices slipped back.

European bourses continued their advance, although some hesitancy among investors left shares off their best levels of the day as profits were taken in many issues. Section III

DOLLAR improved in London to DM 2.885 (DM 2.861), FFr 8.8525 (FFr 8.7905), SwFr 2.421 (SwFr 2.406) and Y243.05 (Y241.8). On Bank of England figures, its trade-weighted index rose to 136.7 from 138.9. In New York it closed at DM 2.8850, FFr 8.8535, SwFr 2.4252 and Y242.85. Page 29

STERLING lost 1 cent in London to $1.3175. It also eased to FFr 11.685 (FFr 11.67), SwFr 3.19 (SwFr 3.1925) and Y319.75 (Y320.5) but improved to DM 3.805 (DM 3.795). Its trade-weighted index rose to 78.9 from 78.8. In New York it closed at $1.3175. Page 29

GOLD rose $1.825 in the London bullion market to $350.25. In Frankfurt and Zurich it closed at $349.25. In New York, the Comex August settlement was $348.80. Page 28

TOKYO shares made further progress despite weaker blue chips with the Nikkei Dow market average up 45.97 to 10,431.09. Section III

LONDON equities surrendered early strength, pushing the FT Industrial Ordinary index down 1.1 to 830.3. Section III

U.S. MERCHANDISE trade balance reached $26.3bn during the second quarter, based on the balance of trade payments, compared with a deficit of $25.6bn in the first three months. Page 4

INDIA has agreed to buy the MiG-29 advanced fighter aircraft from the Soviet Union. Page 4

ARGENTINA is to make a further attempt to bridge the gap with the International Monetary Fund in a new round of negotiations due to start in Washington tomorrow. Page 4

AIRBUS INDUSTRIE, the European aircraft maker, has sold two wide-bodied A300-600s to the president of the United Arab Emirates for his private use.

DAIMLER-BENZ, West German motor vehicle manufacturer, is to take on 2,000 extra workers in the second half of the year. The company increased its labour force by 2,000 in the first half. Page 12

NEBB, Norwegian subsidiary of Swiss Brown Boveri Company, reported group pre-tax profit of NKr 27m ($3.27m) in the first half of 1984, compared with NKr 20m in the corresponding period last year. Page 12

FIVES CAIL Babcock, French machinery and industrial equipment group, emerged as front runner to take over part of the assets of the bankrupt Creusot-Loire engineering concern. Page 11

MCA, U.S. records and films group, has reported a 46 per cent drop in second-quarter net income to $19.9m because of "continuing very disappointing results" from its motion picture operations. Page 11

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Insurance companies join forces to rescue wayward satellite

BY PETER MARSH IN LONDON

THE INSURANCE industries on both sides of the Atlantic are near to concluding plans for an elaborate rescue operation in which an ailing satellite will be salvaged from outer space, renovated, and sold to the highest bidder.

The Palapa B-2 satellite, formerly owned by the Indonesian Government, was rendered useless when it was put into the wrong orbit by a U.S. space shuttle last February.

A group of insurance underwriters is due this month to sign a contract with the U.S. National Aeronautics and Space Administration to carry out the rescue in November.

The underwriters are hoping to recoup some of the $75m they have lost in paying damages to the Indonesian Government.

In a complex set of negotiations, the insurance industry has agreed to stake up to another $10m to finance the rescue.

As a result of the payment to Indonesia, the ailing vehicle is technically the property of the insurance groups. They aim to return the satellite to earth, repair it with spare parts and then sell it for perhaps $35m.

The underwriters hope to cut their losses on the complete operation from $75m to $50m.

The shuttle launch last February should have put Palapa into the geostationary orbit, 36,000km above the earth, used for communications. The mishap was caused by a fault in a small rocket engine fixed to the satellite.

The incident is thought have left the vehicle largely undamaged, according to Mr John Howes, deputy chairman of Crawley Warren, a London insurance broker that has played a large part in the rescue talks.

Crawley Warren and Inspace, another broker in Washington DC, arranged the insurance for the original launch. Between them, the companies spread the insurance risk over more than 100 companies in London and Washington, including members of Lloyd's of London.

Many of the insurers involved in the original exercise have agreed to put up the extra cash needed for the rescue attempt, Mr Howes said.

Negotiations with Nasa over the salvage mission have been led by two groups of underwriters, Merrett Syndicates of London and Intec of Washington.

The rescue effort is one of the boldest operations to be planned for space. An astronaut on the shuttle's November mission will leave the vehicle to attach a special probe to the satellite.

The object is spinning at 55 revolutions a minute in an orbit some 400 km above the earth. That must first be reduced to one revolution a minute, then the satellite will be returned to the shuttle's cargo bay, and thence to a repair team on earth.

The exercise will in some ways resemble the rescue by the shuttle of a scientific satellite in April. But that scientific craft was built so that it could be retrieved from orbit, and returned to the ground, whereas nothing of the sort was ever planned for the Palapa.

The renovated satellite could be returned to the correct orbit as early as June next year. If the underwriters could sell the craft back to Indonesia, the country would not need to build a replacement. No replacement would be ready for launch until 1986 at the earliest.

Nasa said yesterday it was anxious to go ahead with the flight, to demonstrate that such rescue operations are possible. The mission would also restore confidence in U.S. space capabilities after a series of disappointments, including the aborted first flight in June of Discovery, intended as the third member of the shuttle fleet.

Nasa admits it has quoted the insurers an artificially low price for the rescue operation. It requires about $5m for the exercise. The underwriters will need to find another $5m to pay Hughes, the aerospace company, for extra hardware to be used on the mission.

The low Nasa price contrasts with the $150m to $200m, which is the real cost of one flight of the space shuttle. Nasa admits the mission is as much bound up with restoring its credibility as with cutting the losses of the insurance fraternity.

RESPONSE TO CRITICISM FROM MOSCOW

Genscher defends ties with East as Berlin bolsters Soviet links

BY RUPERT CORNWELL IN BONN AND LESLIE COLITT IN BERLIN

Herr Hans Dietrich Genscher, the West German Foreign Minister, yesterday spelled out anew the message that closer ties between the two Germanys served the interests of peace and detente between East and West.

East Germany, meanwhile, promised to intensify its economic links with the Soviet Union in a meeting in East Berlin between senior Soviet and East German officials.

Herr Genscher's views, set out in a long statement of Bonn's perception of how tensions between the two blocs might be reduced, represent his Government's first detailed retort to the criticism from Moscow of the present warming of relations between the two German states.

A constructive dialogue between Bonn and East Berlin, Herr Genscher emphasised, was to the advantage of all neighbouring countries "and not the detriment of third parties." West Germany respected the present frontiers in Europe as inviolable and had no territorial claims on anyone.

In an implicit defence of the latest agreement between the Germanys he insisted, however, that if they were to discharge their duties to secure stability in central Europe, they themselves had to be stable.

Without mentioning specifically Bonn's recent DM 960m bank credit for East Berlin, Herr Genscher noted: "A healthy economy is an important prerequisite of stability ... and credits are a suitable means of promoting economic development."

Herr Hans Dietrich Genscher

Pravda, the Soviet Communist Party newspaper, has attacked the credit and other economic ties as devices to "gradually erode" the foundations of the communist system in East Germany.

But Herr Genscher said yesterday that such credits would help to reduce tension in Europe, "as would independent advances on human issues."

Herr Genscher's words were again aimed at removing the impression that the bank credit had been specifically bartered for the modest concessions on contacts between inhabitants of the two Germanys agreed simultaneously by the East Berlin Government.

In a plain rebuke to domestic critics who argue that Bonn has given too much for too little in return, the Foreign Minister said that inner-German relations needed prudence and farsightedness, "and caution in their public treatment by politicians."

In East Berlin, Herr Gerhard Schürer, head of the East German planning commission, told Mr Nikolai Inozemtsev, deputy chief of the Soviet State Planning Committee, that the East German leadership had agreed on measures to "intensi-

Continued on Page 10

U.S. to act against textile imports

By Anthony Moreton, Textiles Correspondent, in London

THE U.S. is to impose stricter regulations on imports of clothes and textiles from cheap producer countries.

The restrictions, to take effect from September 7, involve more stringent rules on origin marking, the labels showing where an item is made. Their effect will be to inhibit producers from switching the final manufacture of items from one country to another to take advantage of the varying quotas agreed for textile imports from different countries.

The changes, already the subject of a formal protest from the Hong Kong Government, are only part of a strong wave of trade protectionism in the U.S. in the run-up to November's presidential election.

Congress has 100 Bills before it seeking to limit a wide range of imports from cement and shoes to ginger roots and car parts.

Hong Kong is claiming the textiles move, published in the Federal Register of August 3, to be a breach of both General Agreement on Tariffs and Trade (Gatt) rules and of the Multi-Fibre Arrangement (MFA) which governs world trade in textiles.

Representatives from Hong Kong are understood to be due in Washington for talks on the issue

U.S. imports of textiles from all sources rose by 59 per cent to $7.4bn in the first half of this year. Its main suppliers were Taiwan, South Korea, Hong Kong and Chi-

Continued on Page 10

Testing time, Page 6

Merrill Lynch to pay $100m for Becker Paribas

BY TERRY DODSWORTH IN NEW YORK

MERRILL LYNCH, Wall Street's largest securities company, surprised the financial markets yesterday with the announcement of an agreed $100m share offer for Becker-Paribas, the New York-based securities firm owned by Paribas, the French nationalised bank.

The deal comes while Merrill's growth strategy is being widely queried by analysts. It is already the most widely diversified of the big Wall Street firms, and has been struggling with a top-heavy cost structure in the flat equity market of the first half of this year – a task that was illustrated by its second-quarter loss of $33m.

In addition, although Becker-Paribas has a strong commercial paper trading business, it is not immediately obvious how that will help Merrill, since it has a large commercial paper department of its own.

The deal comes after a troubled spell for Becker-Paribas, which ran into heavy losses, around $2m, on its broking business in 1982. The firm was then under the joint ownership of S. G. Warburg, the London merchant bank, and Paribas, but after some extensive management reshuffling, Warburg sold its 25 per cent shareholding to the French group.

Last May, Paribas moved to buy out the rest of the New York company, in a deal that has been estimated at around $75m. The 43 per cent it acquired at that time was owned by employee shareholders of Warburg-Paribas, in which the equity at the year's end stood at $176m.

On the face of it, therefore, Merrill Lynch appears to have bought the New York company cheaply, although no details of its recent trading history are available.

The one indication that has been given recently, in the shape of a 10 per cent reduction in Becker-Paribas's workforce, suggests that it has been feeling the squeeze on profits like most other Wall Street firms this year.

Merrill itself has been one of the main victims of such pressure on margins, and only recently announced plans to reduce its workforce by another 1,000 to bring total payroll cuts for the year to 2,500. It said it was aiming to save $200m from the cuts, while planning to make additional savings by moving from a number of New York offices to a new headquarters building.

Mr William Schreyer, who was appointed chief executive as part of the changes, said at the time that the company would change its emphasis in the sort of services it offered. Analysts were yesterday emphasising, however, that they had been hoping to see more rationalisation of the group's existing business rather than further acquisitions and diversifications.

David Marsh in Paris adds: The sale of Becker-Paribas, which follows Becker's sporadic financial difficulties over the past two years,

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Lex, Page 10

Japan cuts price of VCR exports to the EEC by 7%

BY ROBERT COTTRELL IN TOKYO

JAPAN has cut the price of its videocassette recorder (VCR) exports to EEC countries by 5 to 7 per cent, from this month. It may also restrain the volume of finished VCRs exported to Europe at a level 5 per cent below the officially agreed "ceiling" for the current year, in a bid to avoid "trade friction" with the European Community.

Japan's VCR exports to the EEC are regulated by the Ministry of International Trade and Industry (Miti) in compliance with a "voluntary" EEC-Japan agreement struck in February 1983. The three-year agreement limits Japanese exports to 4.55m units in the current year, including 600,000 "knocked down" kits. The agreement also provides for Miti to set a "floor price" for the units exported from Japan, designed to align their retail prices with those of units produced in Europe.

Miti has told Japanese manufacturers that from this month they can cut prices of their European-bound VCRs by Y5,000 ($20.68) each, from the prevailing floor price of Y100,000 for large, sophisticated models; Y85,000 for mid-market models; and Y70,000 for small, simpler units. The floor prices are set on a free on board (fob) basis, which does not include shipping charges.

Miti said yesterday the decision to cut the "floor price" followed the appreciation of the Japanese yen against European currencies in the past year and industry fears that VCR demand in some European countries, notably Britain, might be flagging.

Japanese officials say the cut in floor prices was not welcomed by European Commission officials, who were notified at a meeting in Tokyo on July 20. According to one official, European Commission representatives suggested that Japan also cut the volume of VCR exports. Japan replied that it would study market conditions and consult manufacturers.

Industry expectations in Japan are that Miti will guide Japanese manufacturers to observe a ceiling of 3.75m finished VCR exports to EEC countries this year, instead of the 3.95m possible under the 1983 agreement. Miti declined yesterday to discuss the probability of such a reduction, saying that cut in volume was being considered.

Japan shipped 289,000 VCRs to Britain in the second quarter of 1984, compared with 358,000 in the comparable period of 1983.

The decline means that West Germany has so far this year overtaken Britain as the largest European market for Japanese VCRs. Shipments to West Germany totalled 436,000 in the second quarter of 1984, compared with 359,000 in the second quarter of 1983. Full-year shipments of Japanese VCRs to West Germany totalled 1.88m in 1983, against 2.14m to Britain.

Mitsubishi Heavy Industries (MHI) and Mitsubishi Electric Corporation, both of Japan, have won an order from Pacific Gas and Electricity of the U.S. for a 150,000 kilowatt geothermal power plant. MHI says the plant will be the world's largest of its type, but declines to say how much the contract is worth. MHI will supply the generator for delivery in the first half of 1987.

CONTENTS

EUROPEAN NEWS

French reaffirm anti-ETA action

By Tom Burns in Madrid

FRENCH and Spanish collaboration against Eta, the Basque Separatist movement, was reaffirmed yesterday at a meeting in Madrid between Sr Jose Barrionuevo, Spain's Interior Minister, and M Pierre Joxe, who was making his first official visit outside France following his appointment as Interior Minister in last month's French Government reshuffle.

Spanish officials said the meeting was a continuation of an earlier round of talks between Sr Barrionuevo and M Gaston Deferre (former French Interior Minister) on June 14.

These established wide-ranging agreements concerning cross-border anti-terrorist operations and led to decisive French action against Eta members living in South-West France.

In the past month, there have been a number of arrests of Eta members by French police acting on Interpol warrants, issued on behalf of Madrid police.

Such action has been in marked contrast to what Spanish governments, in the past, have termed French "tolerance" of Basque safe havens across the Pyrenees

The Spanish Interior Ministry said after the talks between the two Ministers that France was wholly opposed to permitting acts of violence being planned or perpetrated in French territory. The meeting had marked the continuity of close relations between both Governments on the issue.

The present close relationship is understood to be the result of several factors, chief being the success of Sr Felipe Gonzalez's Government in convincing the French that Eta's supposedly political activities are unwarranted, given the existing democratic guarantees in Spain.

A second factor has been the overspill of Eta violence into south-west France. A shadowy right-wing death squad has claimed responsibility for the murder of nine Eta members in south-west France since last December, in reprisal for separatist violence in Spain.

Madrid Interior Ministry officials said yesterday's talks had centred on a "trade-off" between both interior Ministers.

In this, Spain guaranteed it would give individual pardons to Eta members who forswear violence, while France withdraws the refugee status formerly granted to separatists who crossed the border to escape Spanish police.

The meeting also discussed the sensitive issue of the deportation of known Eta leaders living in France.

Proposed changes to the Constitution have disturbed the peace, reports **David Marsh**

Mitterrand prepares a political path

THE ORNATE hulk of the French Senate building sits sedately at the Northern end of the Paris Luxembourg gardens. Normally in August the 17th-century palace, erected by France's Tuscan Queen Marie after she tired of the Louvre, is a repository of peace.

Today, however, the Senate will become once again the epicentre of one of the constitutional power tussles between the President and parliament which have become a sporadic feature of France's 5th Republic.

Immediately at stake in the Senate debate today is the verdict of the French upper house, two-thirds controlled by the Right-wing Opposition, on President Francois Mitterrand's project for a reform of the 1958 constitution to allow referendums to be held on matters affecting civil liberties.

Behind the subject lies a tortuous political battle which could prove a turning point in the Mitterrand presidency. The fight is over an issue—the rights of private schools—on which up to now M Mitterrand has been on the defensive.

But by trying to put the Opposition in discomfort over what has been dubbed "the battle of the referendum," M Mitterrand is hoping to make a surgical incision into the heart of the French political centre, a move which may safeguard his presidency should the Left suffer a crushing reverse in the 1986 general elections.

On July 12 he announced that the Government's much-disputed Bill to increase control over private schools was being dropped. But he proposed an amendment to the constitution which would allow questions of individual liberties—such as education and immigration—to be ruled upon by popular vote through the use of referendums.

The announcement was a deliberate bid to take the wind out of the Opposition's sails. The Right, and particularly the Senate, in a much-paraded motion at the beginning of July, had been calling for the schools issue to be opened to a referendum vote.

But the constitution limits the use of referendums to matters touching on "the organisation of public authorities," a phrase which is open to interpretation. Constitutional experts say that it does not cover the state's links with private schools.

In order to change the constitution, France's 1958 guiding law decrees that the amendment needs to be agreed by both the National Assembly (where the Socialists have a clear majority) and the Senate. A binding decision, to widen the referendum framework, must be taken by the French people—in the "referendum on the referendum" which M Mitterrand proposed holding in September.

M Michel Debre (left), Gaullist baron in the Senate, doubts that M Mitterrand will hold a schools referendum; but M Laurent Fabius (right), the Prime Minister, was quick with a riposte.

The Senate last month declared that it would block any question of constitutional change, but laid itself open to embarrassment by saying that the proposed poll over the referendum was a gimmick.

At best it would be a "diversion," the Right said, at worst it could reinforce M Mitterrand's powers by opening up the possibility of carefully-selected plebiscites designed to produce large "yes" votes.

And anyway, as M Michel Debre, one of the Gaullist barons of the upper house, and one of the main authors of the constitution, pointed out last week, M Mitterrand had never committed himself to holding a schools referendum

Knowing that Opposition leaders, especially M Jacques Chirac of the neo-Gaullist RPR party, would be severely discomfited by appearing to deny the people the previously sought right to popular consultation on schools, M Mitterrand has been waiting patiently for the weight of the Right's contradictions to become a political millstone.

Another piece in the chess game was moved on Sunday evening when M Laurent Fabius, the Prime Minister, issued a statement every word of which was honed after close consultation with the President. Designed specifically to meet the Debre criticism, M Fabius said he "knew" that M Mitterrand agreed with a future referendum on schools — although this was hedged with the condition that it should be held only if "the French faced a serious problem of conscience."

M Charles Pasqua, the combative leader of the RPR Senators, immediately dismissed the Fabius statement as just another "smokescreen," but the Senate debate starting today will decide whether the Right still has the nerve to confront the President head on.

With the tactical battle seeming to slip in M Mitterrand's direction, the only comfort for the upper house is that in its last big battle with the presidency, also over a referendum, called by General de Gaulle in 1969 to lower the Senate's powers, the President was the loser.

Inflation in Yugoslavia at all-time high

By Aleksandar Lebl in Belgrade

YUGOSLAVIA is notching up economic records this summer, not all of a pleasant kind.

In July, for instance, inflation hit an all-time record with retail prices 62.1 per cent higher than in July last year, and the cost-of-living index up by 59 per cent.

A 5.4 per cent rise in retail prices in July followed the lifting in May of a price freeze on over half the goods registered.

Another record set in July was a 45-day strike by workers of a factory in Kocane, a town in Macedonia, protesting against local bureaucrats who wanted to merge their plant with others.

They held out against various kinds of harassment until higher government and party organs intervened on their behalf.

A third record promised this summer is the wheat harvest which, it is estimated, will yield over 2.4 tonnes per hectare, the highest yet

Crackdown on Ukraine corruption

BY DAVID BUCHAN

THE Soviet drive against corruption and incompetence among officials has extended intothe Ukraine, according to the local Communist Party chief, Mr Vladimir Shcherbitsky.

In a Pravda interview, he said that three high officials in the republic had been sacked for embezzlement and three more had been reprimanded for bungling their jobs.

One of thoe reprimanded in connection with the grain harvest had been the Ukraine Agriculture Minister, Mr Shcherbitsky stated.

Recent heavy rainfall on cut grain in the northern Ukraine has overstretched the republic's drying facilities and reduced the flow of processed grain to storage silos to 10,000 tonnes a day or one third of the normal rate, according to the agricultural newspaper Rural Life.

Earlier Western estimates have put this year's Soviet crop at around 190m tonnes, about the same as last year. But the Ukraine is one of the Soviet Union's most productive grain areas.

Reports of the campaign for more discipline in the Soviet economy, which started under the late President Yuri Andropov, have tended to focus on corruption in high places, most spectacularly in the southern Asian republic of Uzbekhistan.

There, the second party secretary, interior minister and KGB and police chiefs all lost their jobs. Corruption was also found in Georgia, Belorussia and Latvia.

UN chief in new talks on Cyprus

By Patrick Blum in Vienna

THE FIRST ROUND of talks to revive the stalled negotiations on the future of Cyprus ended in Vienna yesterday, after a formal exchange of views between Sr Javier Perez de Cuellar, UN Secretary General, and Mr Andreas Mavromatis, director-general of the Greek-Cypriot Foreign Ministry.

Mr Mavromatis said after the talks that he had exchanged views with Sr de Cuellar but that it was "too early to speak of confidence or lack of confidence" about the possible outcome of the talks.

"I put certain things to the Secretary-General and he said certain things to us. He gave us certain working points to study but no proposals."

Mr Mavromatis returned to Nicosia last night. Sr Perez de Cuellar will today meet Mr Necati Ertekun, Minister of Foreign Affairs of the self-proclaimed Turkish Republic of North Cyprus.

Sr Perez de Cuellar said he did not expect any breakthrough. He would be presenting "some working points" to the two sides and would then wait for a response from the respective governments.

Danish Liberals seek a leader

BY HILARY BARNES IN COPENHAGEN

THE LIBERAL Party's search for a new leader following the resignation of Mr Henning Christophersen, is taking Danish politics out of its usual summer torpor.

Mr Christophersen resigned both as party leader and Finance Minister, in order to become Denmark's EEC Commissioner from next January. He has left his party at odds over his replacement as leader.

Together with the Conservative Party, the Liberals form the core of the non-Socialist Right, but the party is currently overshadowed by the Conservatives, who benefit from the fact that their leadear, Mr Poul Schlüter, is Prime Minister.

The Liberal heir-apparent is Mr Ivar Hansen, 45, a West Jutland farmer, and former Transport Minister, who is currently the leader of the party's parliamentary group.

But many party members feel that Mr Hansen (dubbed Ivar Who? Hansen by a Copenhagen newspaper) lacks the charisma necessary to restore the party's electoral fortunes. Other party heavyweights, however, are so far backing away from a leadership contest at the party's September annual congress.

Mr Uffe Ellemann-Jensen, the Foreign Minister, is among those who have declined to stand. So has the popular, plain-speaking Home Affairs Minister, Mrs Britta Schall Holberg, who has strong support among local party organisations.

UK Labour attacks superpowers

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE British Labour Party's new defence document attacks both the Soviet Union and the U.S., saying they are equally dangerous superpowers.

The 58-page statement – Defence and Security for Britain – is based on the unanimous decision taken a fortnight ago by the party's national executive committee in favour of a non-nuclear strategy for Britain. This policy, to be presented to the party's annual conference in early October, would include the removal of all U.S. nuclear weapons and bases from Britain and the immediate decommissioning of Polaris missiles by an incoming Labour government.

The document highlights the compromises within the Labour leadership in its drafting as reflected in the comment by Mr Roy Hattersley, deputy leader, that there were continuing "ambiguities" in the approach.

In particular, the introduction contains a reference both to Britain's support for collective security within in Nato and the longer-term objective of a new security system in Europe with "the mutual and concurrent phasing out of Nato and the Warsaw pact." The statement concedes that this will not happen easily or quickly "but Labour is committed to a new European security system without both blocs."

The document argues that both the U.S. and the Soviet Union "behave as global superpowers whose strategies have been developed to protect what they consider to be their own interests throughout the world. Both superpowers are now engaged in a relentless nuclear arms race which makes war more likely."

"Labour deplores the build-up of nuclear weapons by both the U.S. and the USSR, sometimes justified on the grounds of an unbridgeable ideological conflict."

The document argues for a new form of international organisation with a European nuclear weapon-free zone and dissolution of the present two blocs in Europe.

The document has already been seized upon by Conservative Party and Liberal – SDP Alliance leaders to argue that Labour's pledges are incompatible with Britain's full participation in Nato.

Job programme cuts Swedish unemployment

By David Brown in Stockholm

SWEDEN'S OFFICIAL unemployment at the end of July stood substantially below the level a year earlier, but this was due to a new Government "labour market" programme, the Swedish Labour Market Board reported yesterday.

The number of openly unemployed dropped by 20,000 persons to 174,000 or 4 per cent of the total work force. However, this figure does not include those working in subsidised, sheltered and relief work.

A new Government youth jobs package—under which schoolleavers work four hours a day in communal work brigades in exchange for their welfare benefits—occupies some 26,000 persons.

Nato troops defenceless against Soviet tanks says general

Army officers point out that no country has yet come up with a weapon to cope with today's greater thickness of tank armour, while being as flexible as anti-tank weapons of 40 years ago, **Bridget Bloom**, *Defence Correspondent, writes.*

THE NATO infantryman required to fight in central Europe against the Warsaw Pact may be less able to cope with enemy weapons and tactics than his counterpart was in 1945.

A senior German general believes that, despite Western technological superiority, Nato's infantry could be "as defenceless" against Soviet tanks "as the infantry was when tanks first rolled into battle at the Somme in 1916."

The reasons are said to be inadequacy of infantry anti-tank weapons, as well as simple, if potentially critical, weaknesses in Western, as compared to Soviet, tank design.

Lt-Gen Franz Uhle-Wettler recently commanded the West German 5 Panzer Division in Nato's central region. Today he is commandant of the Nato Defence College in Rome.

Writing in the latest issue of Nato's 16 Nations, an independent review published in Brussels, Gen Wettler says military strategists and tank designers have become "fascinated, even blinded, by technology."

In 1945, the German — and allied — infantrymen had one or more anti-tank weapons which they could easily carry and use in foxholes and other enclosed spaces.

The weapons would "fire an anti-tank rocket using a discardable launcher so cheap and light that every soldier could be issued with as many as he wanted."

Over the years, however, the infantryman's weapon was improved so that it became "so costly and so heavy that the launcher, now reloadable, could be issued to a few soldiers only."

Today's version is virtually impossible to fire in enclosed spaces, even though the infantry is bound to be involved in fighting in built-up areas.

Lt Gen Wettler also lists the disadvantages of the "marvellous" and sophisticated range of Western tanks. Most do not have windshield wipers, he says, so that driver's vision becomes obscured by mud.

He contends they do not have position lights, to enable friendly tank formations to manoeuvre safely at night nor, despite the fact that they are generally bigger than Russian tanks, can they protect themselves from enemy sensors and fire by constructing a "hull down" position, as Soviet tanks can.

British army officers accept that there is "some truth" in the German general's assertions.

The British infantryman, for example, is armed with the 66mm U.S.-made light anti-tank weapon which, because it is built on the principle of the recoilless rifle, cannot be safely fired in an enclosed space.

The 66mm weapon, and the Swedish-made Carl Gustav of slightly longer range, is being replaced by the LAW 80. But this is likewise of very limited use in built-up areas.

Army officers point out that today's major problem is the greater thickness of tank armour, compared to 1945. They acknowledge that no country has yet come up with a weapon which will cope with that, and be as flexible as the anti-tank weapons of 40 years ago.

However, Krasnaya Zvězda or Red Star, the Russian army's daily newspaper, has some crumbs of comfort for Nato troops.

It revealed last week that spot checks on Soviet tank units last month had revealed that young Soviet crewmen could not drive their tanks properly, were particularly poor at night exercises, and could not fire the tank guns straight.

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OVERSEAS NEWS

Egypt and U.S. fail to discover who laid Suez mines

BY TONY WALKER IN CAIRO

EGYPT AND its allies, including the U.S., appear no closer to solving the mystery of who is responsible for laying mines in the Gulf of Suez and the Red Sea which have badly damaged several ships in the past week. Field Marshal Abdel-Halim Abu Ghazala, Egypt's Defence Minister, however, came close to blaming Iran yesterday when he said the explosions could be "in retaliation for what is happening in the Gulf."

The Egyptian Defence Minister caused some confusion yesterday at a Press conference at Cairo Airport—where he was seeing off President Hosni Mubarak on his wa yto Yugoslavia—when he said the "recent explosions were not of a destructive type that would cause damage to ships."

He was sure that the mines had been cleared from the Gulf of Suez, where Egypt is conducting minesweeping operations. Five ships have reported encountering mystery explosions in the Gulf of Suez since a Russian ship was hit on July 10.

Egypt's response to reports of the explosions has been odd. At first, it appeared not to take to shipping in the Gulf of Suez was caused by mines. Senior officials denied emphatically that mines were responsible, suggesting instead the explosions were caused by companies exploring for oil.

Little has appeared in the Egyptian Press about a dozen incidents now believed to have taken place in the Gulf of Suez and Red Sea and thought to have been caused by mines.

The two ships, the Liberian-registered Oceanic Energy and the East German Georg Schumann, have been badly damaged. The 41,00-ton Oceanic Energy is being towed stern-first to Jedda on the west coast of Saudi Arabia. One of its crew of 31 Taiwanese is missing. The ship was hit by a mine early on Sunday morning in the Red Sea about 200 miles south of Jedda.

Fifteen U.S. mine warfare experts are assisting Egypt to clear the Gulf of Suez, and an American oceanographic ship is reported on its way to the area to providea base for the operations of the U.S. personnel.

According to reports from Djibouti at the mouth of the Red Sea quoting French military sources, floating mines have been identified south of Suez, while underwater maines—more difficult for ships to avoid—have been found in the Red Sea.

Although Iran is being mentioned as the most likely culprit, no evidence has been produced pointing to Iranian involvement. Another possible culprit is Libya, but, again, no evidence has been forthcoming.

Our Foreign Staff writes: the U.K. is considering a request from Egypt to assist in minesweeping operations in the Red Sea, the Foreign Office said yesterday.

"We are obviously concerned about navigation generally," a spokesman said. oS far no British vessels have been involved in the explosions.

Gulf blockade 'to go on'

BY DAVID BARCHARD IN ANKARA

IRAQ'S Deputy Prime Minister, Mr Taha Yassin Ramadn, yesterday said that his country would continue its military blockade of Gulf shipping in which several tankers have been attacked recently.

Mr Ramadan said at the end of two days of talks with the Turkish Government that it was impossible for Iraq to make exceptions to the blockade for a particular country. "Everyone knows it is impossible to single out Turkish ships from others," he said.

He also said there had been no suggestion that Turkey might act as a mediator to end the Iran-Iraq war, although Ankara was "well placed to play an active role when the right time came."

● Egyptian President Hosni Mubarak, who is pursuing a new initiative through the non-aligned movement to end the 47-month-old war, arrived in Yugoslavia yesterday for bilateral talks with the country's leadership, Reuter reports from Belgrade. Yugoslavia and Egypt are founder members of the non-aligned movement, to which both Iran and Iraq belong.

New Iraqi pipeline, Page 4

Peres and Shamir unity talks continue

By David Lennon in Tel Aviv

PRIME MINISTER designate Shimon Peres met for a tete a tete with outgoing Premier Yitzhak Shamir yesterday on the possibility of establishing a national unity government.

Earlier in the day the National Religious Party (NRP) said that it was willing in principle to bring its four Knesset members into a broad-based coalition led by Mr Peres, though a senior party official said that the NRP would not join a narrow coalition which excluded the Likud bloc.

The two sides agreed to abide by the religious status quo and to leave the question of jewish settlements on the occupied West Bank open to subsequent negotiations.

Dr Yosef Burg, the NRP leader, rejected Labour's proposal to freeze future settlement and turned down the possibility of being part of a Government which would consider giving up part of the West Bank to Jordan in exchange for a peace agreement.

The two parties will begin detailed negotiations on Wednesday on drawing up a joint platform. For Mr Peres the problem is that the terms he works out with the NRP might prove unacceptable to his left-wing Mapam ally which may quit its partnership with Labour.

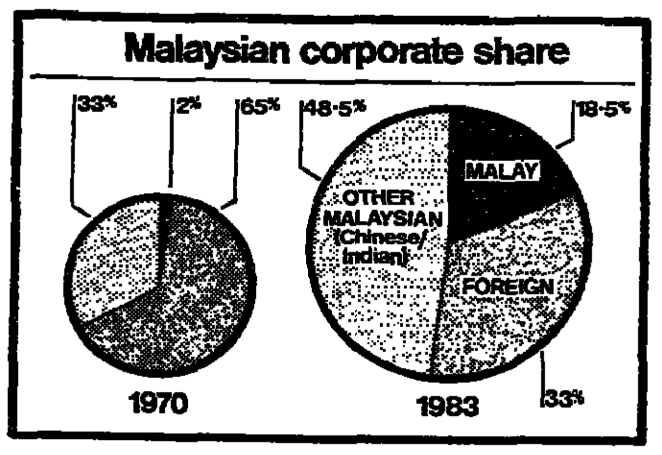
Both Labour and Likud have continued their parallel negotiations on the creation of a coalition with a simple majority in the Knesset, even while meeting to discuss joining together in a national unity government.

President Chaim Herzog, who asked Mr Peres on Sunday to try to form as broad a government as possible, said that this would be the best way of building a government strong enough to deal with the country's worsening economic crisis and to heal the rifts within society.

Despite the President having given the Labour Party first crack at forming a Government, Likud politicians said yesterday that they do not regard this as foreclosing the option of Likud heading the next government.

Malaysian policy has changed, reports Wong Sulong

Door opens wider for investors



FOREIGN INVESTORS can expect to see a significantly more liberal and pragmatic investment policy in Malaysia following last month's major reshuffle of positions in the Cabinet and the ruling party by Dr Mohamed Mahathir, the Prime Minister.

The reshuffle shows that the 59-year-old Dr Mahathir has not lost his political instincts, as he enters his fourth year in office. "There is no doubt, he is the undisputed boss. Every faction in the party now works for him" commented a diplomatic observer.

Dr Mahathir has placed his close adviser, Mr Daim Zainuddin, in the Finance Ministry, appointed Mr Sanusi Junid who comes from his own village, to the crucial post of Secretary General of the ruling United Malays National Organisation, and given his protege, Mr Anwar Ibrahim, the Agriculture portfolio, which allows him to keep in touch with the rural grassroots.

The most significant move is the appointment of Mr Daim accompanied by the demotion of Tengku Razaleigh, Finance Minister for the past eight years, to the Trade and Industry portfolio.

Mr Daim is a good example of the modern Malay entrepreneur. Before being appointed Finance Minister, he built up a big business empire with interests in property development, banking, trading, entertainment and hotels, by using his political connections.

His political and economic philosophy remains unclear, but he has spoken out strongly in favour of the benefits of foreign investment. Unlike many Malaysian businessmen and trade unionists, who see the sprawling American and Japanese electronic assembly plants which employ 60,000 Malaysians as "screwdriver industries," with little technology transfer and linkages, Mr Daim feels they are important as "learning processes" for Malaysians.

"You cannot advance to bigger and more sophisticated industries unless your workforce is educated in industrial psychology."

Many foreigners saw Mr Daim's predecessor as the leading proponent of Malaysian economic nationalism, and it was during his years as head of various powerful Government agencies, and later as Finance Minister, that saw the rapid and often-controversial "Malaysianation" of foreign assets.

His diminishing influence does not mean the end of this irreversible process but the new Malaysian leadership wants to remove the rigid constraints of the New Economic Policy, particularly as it affects foreign equity ownership. The constraints have proved to be a strong deterrent to foreign investment.

Under the New Economic Policy, the Government wants to see the Malaysian corporate sector split 30 per cent for the Malays, 40 per cent for other Malaysians, and 30 per cent to foreign investors by 1990. In 1970, when the NEP was formulated, the Malay stake was less than 2 per cent, and foreign ownership was 65 per cent.

There are two main reasons why Dr Mahathir is now assiduously wooing foreign investments. First, good progress has been made in the NEP objectives. By last year, the Malay stake had risen to 18.5 per cent of a greatly expanded cake and the foreign stake was down to 33 per cent. As their confidence in their ability to compete in the business world has grown, the Malays have become more relaxed towards the implementation of the NEP.

Second, Dr Mahathir is pushing for a heavy industrialisation programme against an inauspicious global background and a major cut in Malaysian public expenditure.

The country is committed to spending more than $4bn on a car plant, two sponge iron plants, several cement factories and a cold rolled steel mill and must find the markets to sustain this industrial momentum. Foreign investment appears to be the most reliable way to do it.

The need for a more liberal investment policy, in particular a relaxation of the maximum 30 per cent foreign ownership rule was emphasised by American leaders, including President Reagan, when Dr Mahathir visited the U.S. last January.

The Americans proposed a bilateral investment guarantee agreement and an avoidance of double taxation pact, and when Mr George Shultz, the U.S. Secretary of State visited Kuala Lumpur early last month, he was able to report good progress in discussions on these two treaties.

The Malaysian Government is now working out the new guidelines for foreign investment, and it is understood that industries qualifying for the retention of 51 per cent foreign control would be those with big capital investment, big employment potential, ability to maximise the usage of Malaysian natural resources, special technology transfer, and foreign market share.

The first beneficiary of this policy was Singer, which restructured its company last month. The next will be Nestlé.

India to reject joint bomb probe request

BY D. P. KUMAR IN NEW DELHI

INDIA seems set to reject Sri Lankan demands for a joint probe into Thursday's bomb blast at Madras airport that killed 31 people.

India has already ordered a high-level investigation into the bomb blast, which is to be conducted by Air Vice Marshal Rajave.

Mr R. Premadasa, the Sri Lankan Prime Minister, has reiterated President Jiyawardene's demand for a joint probe into the blast, while renewing the charge that Tamil terrorist groups operating from India had "declared war" against his country.

Sri Lanka has requested permission to send two top-ranking police officers to assist in the investigation in the hope that the Indian Government would follow the example of the British, Indonesian and Malaysian governments in permitting Sri Lankan investigators to conduct probes in their countries.

Britain had allowed an investigation into exchange control offences, while the other two countries permitted a probe into the disappearance of Mr Upali Wijewardene, a millionaire businessman, on a flight from Kuala Lumpur to Colombo.

However, S. J. S. Chhatwal, India's High Commissioner in Colombo, was quoted by the Press Trust of India news agency as saying his Government was not interested in a joint probe, while the Sri Lankan High Commission in New Delhi said the proposal had been rejected.

● Prime Minister Indira Gandhi yesterday denied she had spoken of links between Washington and Sikh separatists, defusing a looming diplomatic row between India and the U.S., Reuter reports from New Delhi.

Nearly all Indian newspapers yesterday published reports quoting Mrs Gandhi as saying a "Washington-based espionage agency" had backed the separatists.

Botha may undertake rare tour of Africa

South African Prime Minister P. W. Botha is likely to visit a number of African countries later this year in a rare display of public contact with black Africa, Reuter reports from Johannesburg.

Officials say the tour would probably take place in October and could include such countries as Ivory Coast, Zambia, Zaire, Gabon, Mozambique and Morocco.

The only independent country with which white-ruled South Africa has diplomatic relations is Malawi. Public contract between Pretoria and most of Black Africa is rare.

Mr Botha is vertually certain to be chosen, State President next month under a new constitution which will give a limited parliamentary voice to Indians and coloureds (people of mixed race), although not to the black majority.

He recently completed a European tour, the first by a South African Premier for over 20 years, which was aimed at improving the country's tarnished international image.

South Africa has said it wants to make peace with its black neighbours, who reject Pretroia's apartheid policies but several of whom are economically dependent on the white-ruled Republic.

● Angolan troops killed 99 rebel guerrillas and captured military equipment in operations in the south western province of Benguela between last month, AP reports from Lisbon.

In a report from the provincial capital, also Benguela, the official newsagency Angop seized "provided further proof of the close relationship" between the rebell National Union for the total Independence of Angola (Unita) and both South Africa and the U.S.

Unita has been fighting a guerrilla war to bring down the Marxist government of Angola since independence from Portugal in 1975. South Africa denies Angolan charges that it arms, trains or supports the rebels.

Argentina in bid to secure IMF support for wage increases

BY ROBERT GRAHAM IN BUENOS AIRES

ARGENTINA is to make a further attempt to bridge the gap with the International Monetary Fund in a fresh round of negotiations on an economic stabilisation programme due to start in Washington tomorrow. The Argentine delegation, *headed by Sr Bernardo* Grinspn, Economy Minister, is expected to try to wring support for its wages policy in return for evidence of a greatly improved trade surplus and a lower-than-anticipated public sector deficit.

Originally, this new round of talks was to be at a technical level. But the presense of Sr Grinspun has given them a political complexion, even *though the delegation includes* the main technicians dealing with the IMF.

Despite the conviction here that Argentina is moving close to a long delayed agreement with the IMF, the prospect of achieving this by August 15 is doubtful. On August 15, Argentina is due to repay a $125m (£95.4m) credit to 11 leading banks. This credit could only be extended if agreement is reached with the *IMF* before this date.

Speaking yesterday to a convention of Argentine private banks, Sr Grinspun was confident that the country's balance *of payments position would en*able Argentina "to satisfy the demands of its external debt in terms compatible with our efforts to beat inflation, reactivate the economy and raise real wages."

He said the public sector deficit by the end of the second half of the year would be 7.2 per cent of GDP, lower than anticipated. He also said that *with a first half trade surplus* of $2.8bn, Argentina would exceed year-end projections of a $3.9bn surplus on the trade account.

Sr Grinspun repeated the Government's intention of conceding a real wage increase of between 6 and 8 per cent and predicted that a 5 per cent growth for the year was feasible. However, he admitted that Argentina's inflation had *yet to be brought under control.*

As for wages, the Government is desperately trying to arrange a form of social contract with the unions but has so far failed to find a consensus and the country is witnessing a series of wildcat strikes to ensure that the monthly wage increases are above inflation. The main new card the Argentine delegation will be offering to the IMF is the improved trade account.

This could narrow substantially the $1bn gap between what the IMF and Argentina perceive as the country's refinancing needs. The IMF has *suggested Argentina needs no* more than $2.3bn and, until now, the Argentine Government has been talking of $3.2bn.

Opposition fails to register for Nicaragua election

BY TIM COONE IN MANAGUA

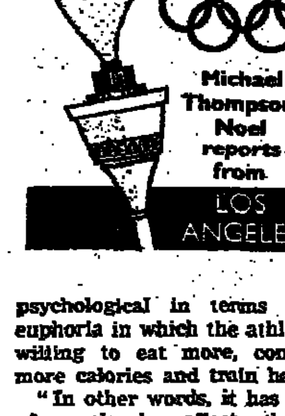
THE Nicaraguan opposition grouping, the Coordinadora Democratica, has again failed to register its three constituent parties to participate in the November elections despite an extension of the deadline to midnight on Sunday. The three parties will now lose their rights to use the media for campaigning and to hold public meetings.

A total of seven parties have registered to fight the election, including the traditional Liberal and Conservative parties, the Sandinistas and a number of Left and Centre-left parties. Those that have abstained are small parties of the Right and Right of centre, linked to the private sector.

Nonetheless, the private sector is still well represented by the Liberals and Conservatives, the two biggest parties after the Sandinistas.

In an incident in the town of Matagalpa over the weekend, a number of mothers of war dead were assaulted by supporters of Dr Arturo Cruz, the head of the Coordinadora Democratica, when the women demonstrated outside a public meeting of Dr Cruz condemning the Coordinadora's call for dialogue with the U.S.-backed guerrillas in the country.

Drugs an insidious threat to the Olympics



THE eviction from the Olympic Games of two weightlifters who were caught using anabolic steroids focuses attention yet again on sport's murkiest problem.

Mahmoud Tarha, of Lebanon, who finished fourth in the Olympic flyweight class, and Ahmed Tarbi, of Algeria, who finished ninth in the bantamweight division, have been disqualified by the executive board of the International Olympic Committee (IOC) after they had been tested positively for steroids.

In addition, the International Weightlifting Federation has banned them for life.

In a third instance, Sweden's Thomas Johansson, a silver medalist in the Greco-Roman *wrestling*, is to lose his medal after testing positive for steroids. The chief of the Swedish delegation said Johansson acknowledged taking one steroid injection at the start of May after breaking his nose in the European championship, undergoing surgery and losing more than 20 lbs.

It *is* not as though the athletes had not been warned. Only last week, Dr Anthony Daly, *medical director of the* Los Angeles Olympic organising committee and the U.S. team physician at the 1976 Olympics, said that traces of *anabolic steroids could remain in an athletes system* for three to four months, and that athletes who had taken banned drugs knew they would not get away with it.

Are the pressures in international sport — the lure of financial reward as well as the uncompromising pursuit of of sucess that takes athletes to the top — now so great that drug abuse *has* become an ineradicable problem?

In all probability, the answer is No, though there may be many more scares and life suspensions before the problems *recede. The hope is that drug*-test procedures are at last catching up with the cheats, and that, in future, athletes will rely on, and experiment with, banned substances less and less frequently. If this happens, international sport may withness the end of large-scale drug abuse.

In Los Angeles, Games officials are using carefully controlled and monitored urine tests that use gas chromatography and mas spectrometry in what is thought to be the most sophisticated attack yet *on those who choose to dabble* — or even dabble inadvertently — with one or more of the about 100 banned substances listed by the IOC.

Drug taking by athletes is not new. Bob Goodman, a researcher at the Chicago osteopathic medical centre, whose book Death in the Locker Room provided a study of general drug use in sport, says that drug taking "crops up repeatedly though the end of the 19th-century and on into the 20th.

"The Belgians were said to be taking sugar tablets soaked in ether, the French to be taking caffeine tablets and the British to be breathing oxygen and taking coccaine, heroin strychnine and brandy, all in frantic attetmpts to gain competitive edges that would *return the coveted laurels of* victory."

For years, there was no drug testing at the Olympics, and though by the early 1960s the IOC had decided to take action. Formal drug testing was introduced at the Mexico Games in 1968. Since then, increasingly sensitive tests have been used with increasing frequency by the IOC and affiliated organisations.

A major row occurred at last year's Pan American Games in Caracas when athletes from 10 countries, including the U.S., were *disqualified as a result of* post-event test procedures. Many more left for home early, allegedly to avoid testing and detection.

In the view of Don Kardog, a former U.S. Olympic marathon runner: "The Americans who left Caracas before competing, listed family problems, business concerns and the possible, inadvertent, use of cold medicines, *caffeine haemorrhoid creams*, athsma medicines, antibiotics and the like as reasons for leaving the Pan Am Games early. Clearly there were some legitimate claims, but most observers were less than convinced by the explanations."

He says that, by exercising cautions, athlets should be able to avoid inadvertent drug disqualification but that the prime targets of the current anti-drugs drive, are substances that are seldom taken accidentally—to wit, the male hormone testosterone and its synthetic derivatives which are used as artificial means of increasing strenght.

The use of steroids on a few top U.S. weight lifters was initiated in 1960 after the U.S. team physician had heard about the use of testosterone from the Soviet team doctor.

From there, drug-taking grew into a major problem, though Olympics be cleansed of their most insidious threat. today. how many athletes use drugc and in what quantities is impossible to say. Steroids, however, are thought to be in widespread use not only in strength-oriented sports like weight lifting and wrestling but in athletics and other sports, too.

Physiologically, it is not even certain that steroids promote strength. In the view of a senior medical spokesman of U.S. Olympic Committee: "They may *promote bulking, creating big*ger muscles, but it doesn't necessarily follow that that increases strength.

"A lot of the research on it that I have seen shows that their effect is probably more psychological in terms of a euphoria in which the athlete is willing to eat more, consume more calories and train harder.

"In other words, it has more of a placebo effect, than a physiological one."

The hope now is that increasingly sophisticated test procedures will weed out wrongdoers; that suspensions are handled fairly and consistently; and that the sports authorities convince the athletes of the long-term harm that drug abuse implies.

Only in this manner will the

Bahamas premier spent eight times his salary, inquiry told

BY NICKI KELLY IN BAHAMAS

SIR LYNDEN PINDLING, the Prime Minister of the Bahamas, spent at least eight times as much as he earned in the last seven years, a certified public accountant has told a drug smuggling commission of inquiry.

Inspector Frank Richter, of the Royal Canadian Mounted Police, said that the Prime Minister, who is among several Government officials alleged to *have received payoffs from drug* traffickers, earned $500,000 (£381,600) during the period but spent more than $4m. The difference was made up by huge loans from friends, "gifts" from constituents, and money from casino interests doing business in the Bahamas.

Inspector Richter has been assigned by the commission to investigate Sir Lynden's finances. Sir Lynden himself set up the three-member commission last autumn following allegations by NBC, the American television network, the Bahamian Government officials, including the Prime Minister, were being bribed to protect a major drug smuggling ring operating from the Bahamas.

Inspector Richter said that in 1982, for example, the Pinclings faced more than $12,000 a month in mortgage and interest payments on a bank overdraft, although the Prime Minister's monthly salary was only *$7,300*.

Most of the money appeared to have gone into construction of a new house, he said. "Apparently the Prime Minister did not keep any records of the *amount of monies expended on* this house," Inspector Richter told the commission.

"There is some indication that monies were paid to the builder and suppliers directly *without these payments going* through the Prime Minister's bank accounts. Therefore, it is impossible to determine the source of allomines expended on the house by himself and others on his behalf," he added.

By April, 1983, the unfinished dwelling had already cost $610,451, of which $243,862 was paid directly to the contractor by Mr Everette Bannister, a close friend of the Prime Minister, and other unidentified persons.

Of the $183,000 paid by Mr Bannister, *$91,000* has been traced to Resorts International, the country's principal hotel hotel and casino developer, for whom Mr Bannister served as a consultant.

Mr Bannister is among several prominent members of the governing Progressive Liberal Party who have been accused before the commission of influence peddling on behalf *of drug traffickers.*

Inspector Richter said that, while it was impossible to determine the source of all monies spent on the Prime Minister's house, there was no *evidence that it was in any way* connected to drug trafficking.

The Prime Minister's bank records show he received:

- $1.05m loan from the Bank of Nova Scotia.
- A $500,000 loan and a $250,000 contribution from two unnamed persons living in the Bahamas.
- A $250,000 loan from an unnamed American friend and "unidentified deposits of $249,000."

U.S. family planning aid secure

BY DAVID GARDNER IN MEXICO CITY

THE U.S. will not cut off family planning aid to those countries funding or promoting abortions, a U.S. official said here at the opening yesterday of the Second International Conference on Population, a meeting that has been overshadowed by the Reagan Administration's attempt to tie the two issues.

The conference, sponsored by the United Nations and the successor to the 1974 Bucharest conference, is being attended by 147 countries.

Mr James Buckley, a prominent Roman Catholic and former Republican senator who now heads Radio Free Europe, said the Press had seriously distorted the Reagan Administration's position which he claimed had merely "sharpened the focus" of traditional U.S. policy on population. Funding would only be withdrawn from private organisations involved in abortion programmes. But the U.S. would continue to provide aid to countnies with state funded abortions, provided the money was held in segregated accounts.

However, no country practising "coersive" family planning policies could expect U.S. aid, Mr Buckley said. He would not say *whether China, for example,* fell into this category.

This clarification appears to dispel fears that the U.S. would reduce heavily its population aid programme. It currently contributes $240m (£183m) a year, or 4 4per cent of all funds, provided by the developed countries, and a substantial increase is being sought for the next fiscal year, Mr Buckley said.

Merchandise trade deficit rises

BY STEWART FLEMING IN WASHINGTON

THE U.S. merchandise trade deficit in the second quarter hit $26.3bn (£20bn) on a balance of payments basis, the Commerce Department reported yesterday. This compared with a shortfall of $25.6bn in the first quarter.

For the first six months, the Commerce Department said, the deficit was running at an annual rate of $103.9bn compared with a deficit of $61.1bn for the whole of 1983.

Imports were up 23 per cent to an annual rate of $320bn with petroleum imports acounting for virtually all the rise. Exports rose 8 per cent to an annual rate of $216.5bn, with volume accounting for 6 per cent of the increase.

Commenting on the figures, Mr Malcolm Baldrige, Commerce Department Secretary, repeated earlier predictions that the current account deficit is likely to be double the $41.6bn reported last year.

The commerce Department report on the second quarter trade figures said that imports rose 1 per cent to $80.4bn

Exports in the second quarter were unchanged at $54.1bn with a decrease in agricultural ex*ports almost entirely offset by* a rise in non-agricultureal exports.

WORLD TRADE NEWS

India agrees to purchase advanced MiG-29 warplane

BY D. P. KUMAR IN NEW DELHI

INDIA HAS finalised a deal with the Soviet Union for the outright purchase of the advanced MiG-29 multi-role warplane.

An Indian defence delegation recently visited Moscow to work out the delivery schedules for the jets, *believed by military experts* to have a combat capability equal to or better than the American F-16 and F-18.

The twin-engined MiG-29 fighter, which incorporates Soviet "State of the art" equipment, has a Mach 2.3 performance (more than twice the speed of sound) and has very high manouvrability, all-weather capability and excel*lent thrust-to-weight ratio.*

According to present indications, the *MiG-29*, which has recently entered squadron service with the Soviet air force, is likely to be delivered to the Indian air force sometime later this year. India would thus become the first country outside the Soviet Union to acquire the aircraft —before even Moscow's *socialist allies. The MiG-29* will be brought to India in knocked down state and assembled at Hindustan Aeronautics.

According to Defence Ministry sources, Indian airforce pilots have evaluated the MiG-29 and found it "vastly superior" to the F-16. It is not immediately known how many MiG-29s would be *brought*, but "a *substantial* number" would be supplied.

The MiG-29 is code-named "Fulcrum" by Nato and is believed to be 15.3 metres long, with 35 metre swept wings and a gross weight of 16.5 tonnes. It can carry a bomb load of 500 kilograms. The clearance for the supply of the MiG-29s was given by Mashall Dmitri Ustinov, the *the Soviet Defence Minister*, when he visited New Delhi in March this year.

Canadian weapons order to attract some 30 bidders

BY BERNARD SIMON IN TORONTO

SOME 30 U.S., European and Canadian suppliers are expected to submit bids later this month for a new low-level air defence system for the Canadian armed forces. The contract, one of the largest for Canadian military equipment, will be worth around C$600m (£347m) and is likely to be awarded in early 1986, with first deliveries scheduled for March 1988.

Bofors Ordnance, the Swedish weapons manufacturer, and *Canadian Marconi, in which GEC* of Britain has a 52 per cent stake, said last week that they will collaborate in bidding for the contract. Employment and *technological* benefits for Canada are likely to be a crucial factor in assessing bids, and most—if not all—of the groups competing for the contract are expected to include Canadian partners. Bids close on August 31.

Other consortia formed so far include:

- British Aerospace in partnership with Oto Malara of Italy and the Canadian subsidiary of Garrett Corporation of the U.S. British Aerospace is offering its Rapier missile system, for which Garrett will make components.
- Euromissile, a joint venture between Aerospatiale of France and West Germany's Messerschmitt-Bolkow-Blohm, with Spar Aersospace of Canada. Euromissile makes the Roland surface-to-air weapons systems.
- Thomson-CSF of France is co-operating with Canadian subsidiaries of General Motors, General Electric and Litton Industries.
- Two Swiss weapons manufacturers, Oerlikon and Contraves, have *joined forces with* two U.S. defence systems suppliers, Martin Marietta and Raytheon respectively.
- Krauss-Maffei of West Germany, which supplies the Leopard tank already in service with the Canadian army, is expected to bid in partnership with the Canadian aviation electronics company, CAE Industries.

Several European electronics suppliers, including Plessey, Ericsson, Siemens and Phillips, are likely to join the bidding groups.

The equipment is being bought to defend Canada's two airbases in West Germany, a mechanised brigade group *stationed in Germany, the rapid* deployment air-sea transported brigade based in Canada and a local air defence school.

Prospective suppliers will base their bids on "threat scenarios" supplied by the Canadian armed forces. A senior officer at the Department of National Defence said that the main criterion in assessing bids will be the ability to meet operational requirements. Price and Canadian content will play a secondary role. The authorities have not laid down weapons specifications, and have agreed to purchase systems already built or developed.

An official of one company bidding for the contract said that spin-offs for the Canadian economy are likely to be minimal. Despite Government concern to have Canadian participation, the establishment of new manufacturing facilities *in Canada is not commercially* viable. Operations in Canada are likely to be confined to testing, assembly, support activities, and components manufacture.

Iraq signs oil pipeline accord with Turkey

By David Barchard in Ankara

IRAQ'S deputy prime Minister, Mr Taha Yassin Ramadan, yesterday concluded a two-day visit to Ankara by signing a protocol for the construction of a new crude oil pipeline, to carry up to 600,000 barrels of Iraqi crude to Turkey. He said the project would be completed within 18 months.

Turkey's existing pipeline from Iraq which carries around 1m barrels per day has been the only outlet for Iraqi crude exports *since* 1982.

According to Mr Ramadan, a spur of the pipeline will be built to link it to a refinery at Batman in Eastern Turkey.

A further sign of the growing *commitment of the two* countries to each other's long-term economic needs is the news, also announced by Mr Ramadan, that technical-level talks will begin within the next six weeks *about* linking the countries' electricity grids.

Charges against Siemens delay Taiwan deal

BY ROBERT KING IN TAIPEI

A MULTI-MILLION dollar government contract for telecommunications equipment remains stuck in limbo as the *Taiwan Government considers* accusations of unfair pricing against Siemens of West Germany.

The deadlock points up both the intense competition among *international suppliers for a* share of the huge Taiwan telecommunications market and the lack of a clear-cut policy at official levels over which company is to supply what equipment for an ambitious expansion project over the next 16 years.

The bids for 90,000 lines of trailer-type digital exchanges were submitted in February by Siemens, ITT's Taiwan affiliate Taisel, GTE of the U.S., and L. M. Ericcson of Sweden.

The tenders succeeded one issued in May 1983 for 100,000 lines and later withdrawn, ostensibly because of funding difficulties.

In the earlier tender Siemens was among the high bidders at roughly $30m, or $300 a line. This time, though, the West German company has lowered its price to $15m, or $165 a line, prompting charges of dumping and unfair pricing from other participants, and throwing the matter to the finance ministry for adjudication.

After Siemens, Ericsson is the next lowest bidder at about $222 per line. ITT follows at $278, *and GTE is high as $311.*

The Finance Ministry has been asked to decide first whether Siemen's reasons for the drastic price cuts, which include a removal of "promotional costs," are justified. Then the ministry must decide how to value the Siemens equipment for duty purposes—an important point since Taisel alone is considered a local supplier and is thus exempt *from* import duties.

Should the ministry accept arguments that Siemens has priced its equipment unfairly and values it at a higher price, it could put *Ericsson and ITT* in a neck-and-neck race for the contract.

The Government has traditionally favoured U.S. suppliers both for political reasons and *because of Taiwan's huge an*nual trade surplus with the U.S., but it has not excluded Europeans from international tenders.

Whatever the outcome, Taiwan will have missed its schedule for procurement of the local exchanges by more than a year, thus further delaying plans to give island subscribers access to a fully digital and integrated communications network by 2000.

A BRITISH trade delegation arrived in Taipei yesterday for a three-day visit aimed at *boosting* the UK's share of the Taiwanese market and finding ways of reducing the growing trade gap in Taiwan's favour, our Taipei correspondent writes.

The mission, headed by Lord Jellicoe, chairman of the British Overseas Trade Board, will meet Taiwan's ministers of economics, finance and communications. Britain is interested in several large planned projects in Taiwan in the fields of powered general, steel-making and transporation.

Taiwan Power Company has just reactivated its fourth nuclear project, and will shortly reopen tenders that were withdrawn two years ago when the project was postponed in the face of slackened power demand. Before the postponement, NEI Parsons of the UK had received a letter of intent to supply a significant proportion of the generating equipment.

THE WEEK IN THE COURTS

Trinity House wrong to deny foreigners' pilotage certificates

ENGLISH LAWYERS are proud in pointing to the fact that the Common Law of England is very much a home grown product. It owes little of its origins to any system interested in alien cultures.

As a result, it has developed as a system of law almost exclusively designed for those who owed allegiance to the crown. Foreigners were catered for only in so far as they might temporarily be receiving the sovereign's protection, almost always when they were physically within the sovereign's dominion.

A decision of Mr Justice Nolan at the end of last week, in *R v. Trinity House London Pilotage Committee ex parte Jensen and others*, on discriminatory treatment on the grounds of nationality within the EEC system over the licensing of pilots in the port of London, has shown how discrimination is permeating every facet of social and economic life.

Trinity House is the principal UK pilotage authority with responsibility for providing and maintaining a viable and efficient service. It includes licensing the necessary pilots for each district in the Southeast of England, and granting pilotage certificates to masters and mates. This enables them to bring their ships into port without having to rely on the pilot services, including pilot boats, pilot stations and a communications system and the personnel to run them.

Pilotage services in the UK are self-financing. All funds for providing and maintaining services are raised from pilotage dues. In most cases pilots are self-employed, having a licence from the pilotage authority, and receiving their earnings from pilotage dues. Any change in the pattern of the demands for pilotage services can, therefore, affect the financial viability of those services and the pilots' earnings.

Since 1970 there has been a considerable drop in the UK's seaborne trade and a change in its pattern. These problems were exacerbated by the UK's accession to the Treaty of Rome.

Under Section 23 of the Pilotage Act 1913 pilotage certificates could be granted only to British nationals. Once the UK had become a member of the EEC this restriction had to be removed with other modifications.

That section was replaced by Section 20 of the Pilotage Act 1983, with its chauvinistic provision removed, but like its predecessor it did not authorise a pilotage authority to make a change for the granting of a masters or a mate's certificate apart from the required fee for the qualifying pilot's examination.

Therein lay the problem. Trinity House had refused to grant pilots' certificates to a number of Danish and German nationals, each of whom was employed in the capacity of master or first mate on one or other of the ships owned and operated by a Danish or German company and regularly operated in and out of Harwich and Sheerness. Both are within the London Pilotage district.

Ships using Harwich or Sheerness are required to be guided into port under the pilotage of a licensed pilot or under the pilotage of a master or mate possessing a pilotage *certificate*.

Since the foreign masters and mates did not hold pilotage certificates, their employers, the shipowners, had to engage the services of licensed pilots and to pay at rates laid down by statute.

The rates charged were referable to vessel tonnages and to their draught in and out of port. The cost at Harwich was in the region of £350 ($455). If the ship's master had a pilotage certificate the only charge would be a £7 contribution to the Pilot's Fund.

To overcome this severe financial disadvantage, the foreign shipowners applied to Trinity House for their masters to be examined for fitness to hold pilotage certificates. All passed their examinations and hence there was no formal obstacle to granting them pilotage certificates.

Yet they were not granted. Trinity House at first proposed that the certificate holders would pay 60 per cent of the pilotage dues which would have been payable if licensed pilots were still employed.

That offer was acceptable to the shipowners, no doubt on grounds that it represented a substantial reduction in their costs.

The offer was, however, withdrawn "because of a further complication" and a proposal of 86 per cent of normal pilotage dues was substituted. That was later modified to 75 per cent.

Solicitors for the foreign shipowners complained to the Secretary of State for Trade and Industry of Trinity House's unwillingness to grant pilotage certificates unless the special payments of 75 per cent were made.

The minister accepted the complaint as well founded, "in as much as Trinity House does not have the power to impose a charge set at 75 per cent of the full pilotage dues".

He went on to say that he was not prepared to direct Trinity House to issue the certificates sought.

Hence the legal proceedings challenging Trinity House's right to make the special arrangements as a condition to the granting of pilotage certificiates.

The shipowners' argument was that Trinity House had no right to arrive at its determination to grant a certificate in a manner which allows those (and only those) foreign candidates who had entered into special arrangements to be granted *pilotage certificates*.

The judge found that it was indisputable that the applicants for pilotage certificates had been the subject of *discrimination* on the grounds of their nationality. Trinity House had no desire to *discriminate* but the *fact remained* that the individual foreign applicants had been put last in the queue for pilotage certificates, coming after those of British nationality.

Article 7 of the Treaty of Rome provides that "within the scope of application of this treaty and without prejudice to any special provision contained therein any discrimination on the grounds of nationality shall be prohibited." Since that provision by itself, does not give rise to a claim in the courts, it was necessary to link it to Article 48, which provides the freedom of workers within the EEC.

Was that provision wide enough to cover the case of an individual employed by an employer in one member state of the EEC and travelling in the course of that employment to carry out his duties in another member state?

Mr Justice Nolan held that the individual masters and mates were no less entitled to the protection of Article 48 than if they had been moving to the UK to take up new employment in this country. They had therefore been discriminated against unlawfully.

Justinian

UK NEWS

MacGregor in fresh bid to win over miners

BY OUR INDUSTRIAL STAFF

MR IAN MACGREGOR, the chairman of the National Coal Board (NCB), yesterday issued his second direct appeal to miners to return to work as the strike over pit closures entered its 22nd week.

His letter to every miner setting out the terms of the board's "final offer" has apparently been timed to influence the National Union of Mineworkers' (NUM) delegate conference in Sheffield on Friday.

Mr MacGregor tried a similiar tactic in the third month of the strike. Even moderate miners' leaders believe that this second attempt will have little effect.

"Attitudes are too polarised and those wanting to work have already gone back," said one NUM executive member. "It won't be a letter from Mr MacGregor which will end the strike. The recommendation will have to come from the NUM executive."

Mr Arthur Scargill, the NUM president, has already rejected the board's offer because it does not meet demands on the closure of uneconomic pits. It does, however, offer to postpone the current job-cutting programme and review closure proposals on five pits.

Almost £300,000 held in bank accounts for food and clothing for strikers' families has been frozen by the team of sequestrators tracking down South Wales miners' funds.

The money has been frozen because the NUM has refused to pay a £50,000 contempt of court fine. This was imposed because the union had breached an earlier order banning the unlawful picketing of two haulage companies carrying coal and coke from the Port Talbot steelworks in South Wales.

The NUM is refusing to co-operate with the four accountants from Price Waterhouse who are tracing their assets. "The biggest part of our funds have been frozen, but we still have enough money to keep us going for a couple of weeks," said a spokesman for the miners, who have barricaded their headquarters in Pontypridd.

Price Waterhouse is anxious to meet miners' leaders because cash could be released if the NUM could prove particular sums in bank accounts were used purely for hardship payments.

Hundreds of striking miners in South Wales and their families marched in protest at the seizure of the union's relief funds. "This will only stiffen the resolve of the miners," said Labour MP Mr Allan Rogers.

Dockers at Hunterston on the Clyde are threatening to black a ship due to arrive today carrying 87,000 tonnes of coal for British Steel Corporation's Ravenscraig works.

Port employers fear this could become the first concrete example of extra backing being given to the striking miners since last week's secret meeting of left-wing union leaders decided to try to step up support.

Local talks have so far failed to resolve the problem. Officials of the Transport and General Workers' Union, which represents the dockers, will hold further talks tomorrow with the British Steel Corporation, the Clyde Port Authority, and the Iron and Steel Trades Confederation.

The NUM executive faces a new challenge from the courts – this time in a case to be brought by miners from the solidly strike-bound Yorkshire areas.

The action, which is likely to be held before Mr Justice Warner in the High Court on Thursday, is aimed at preventing the NUM leadership making a fresh attempt to gain assent from the special delegates' conference in Sheffield for a far-reaching change to the union's rule 51, which would establish a national disciplinary procedure for members found guilty of flouting union rules.

Vehicle imports up in first 7 months

By David Heller

BRITISH car sales last month were the second lowest since records began in the mid-1960s, according to figures published yesterday by the Society of Motor Manufacturers and Traders.

Sales at 43,355 were 12.2 per cent lower than July 1983 and imports were up from 52.9 per cent to 57.8 per cent of total sales.

However, figures for the first seven months of the year show sales to be up slightly from 970,978 to 987,223 and the share of imports has dipped from 58.9 to 58 per cent.

The Society for Motor Manufacturers said July figures were unrepresentative because buyers traditionally hold back to buy new registration models in August. This year, the situation has been compounded by heavier than usual promotional activity by motor manufacturers during June.

Last year August sales reached a record 374,599 but this year motor manufacturers and dealers have been less optimistic than usual, with some forecasts down as low as 300,000.

The Society, however, still expects full year sales of around 1.8m compared with last year's record of 1.79m.

In July, Ford maintained its position as market leader with 24.1 per cent of sales. BL took 19.7 per cent of the market, while General Motors' share dipped to 13.6 per cent from 19.6 per cent in July 1983.

Volvo had a record share of the market at 4.33 per cent with July sales at 1,876. The increase was spread across the range, although the 300 series doubled its sales compared to a year ago and accounted for 3.3 per cent of the market.

Inflationary pressures abate as producer prices ease further

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE AVERAGE prices paid by industry for raw materials and fuel fell in July for the second successive month.

Figures from the Department of Trade and Industry suggest that inflationary pressures remain subdued in spite of the weakness of sterling earlier this year, which tended to raise import prices.

The ½ percentage point fall in the July index for producers' buying prices reflected a cut in the cost of supplies to the food industry, particularly for animals and cereal.

The prices of materials and fuel bought by the food, drink and tobacco industries fell by 1.7 per cent between June and July.

However, that was partly offset by rises in the price of imports for other industries. In the year to July, the prices of all manufacturing industry's supplies rose by 8.4 per cent. That is an uncomfortably high figure compared with the Government's hope of getting inflation down to between 4 and 4½ per cent next year.

Continued improvements in productivity are enabling manufacturers to hold back rises in their selling prices. In the 12 months to July, the average rise in selling prices was 6.3 per cent, compared with 6.1 per cent in June.

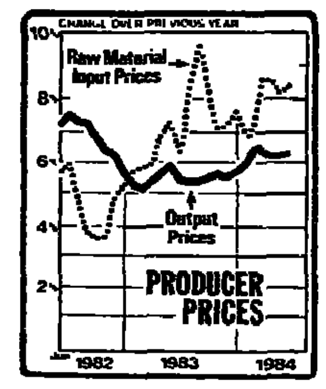
For goods other than food, drink and tobacco, the rise in the 12 months to July was little changed at 5.6 per cent.

Until the unexpected rise in mortgage interest rates to 12½ per cent last month, the Treasury was confidently predicting that the inflation rate measured by the 12-month rise in the Retail Prices Index (RPI) would have fallen from the June figure of 5.1 per cent to 4½ per cent by the end of the year.

Mr Nigel Lawson, Chancellor of the Exchequer, admitted last month that the figure of 4½ per cent might not now be achieved until next year.

Much will depend on whether the recent, more optimistic tone of the financial and stock markets is rooted strongly enough to allow the Bank of England to start edging interest rates down. That would lower banks' base lending rates from the present 12 per cent, which is 2¼ points higher than the level at the start of last month.

Interest rates are important to the Government's anti-inflationary strategy because the mortgage interest rate is a constituent of the RPI.



Industry competes on warship designs

By Bridget Bloom, Defence Correspondent

BRITISH defence and shipbuilding industries are being asked by the Government to help to design a controversial new class of warship.

Eleven companies have responded to a request from the Ministry of Defence to submit outline designs for a 1,000 to 1,500-ton ship by the end of October. At £35m each these ships would be smaller and considerably cheaper than the frigates and destroyers at present on order.

There is no government funding for the project at this stage, and the Defence Ministry is not committed to proceed on any of the designs. Partly for this reason, ministers have sought to keep their plans for the warship confidential.

There are other reasons for caution, however. Controversy over warship design is bound to re-open. This was barely laid to rest when the decision was taken a year ago to proceed with the traditional long, slim design of warship for the new Type 23 frigate.

Among the companies forwarding designs is Thorneycroft Giles, the private ship designer, whose short, fat Sirius 90 was rejected last year as an alternative to the Type 23.

Additionally, the Ministry of Defence is flying in the face of tradition by going to industry, rather than to the Royal Corps of Naval Constructors for warship designs. It is doing so as part of the new policy of involving industry in the early stages of weapons design.

Micromice rev up for world title

BY PETER MARSH

GONZALES, Thumper and Thezeus are tuning up for a British assault on what could turn out to be yet another area of electronics to be dominated by the Japanese.

They are the names of "micromice" – miniature robots on wheels – that will compete later this month in the European heats of an international championship to be held next year in Japan.

In micromouse racing, the devices have to find their way through a complex maze, aided by their own tiny computers and information about their surroundings provided by sensors.

The first such championship was a purely British event, held in Portsmouth in 1980. Only five mice competed and they were all "pretty useless" according to Dr John Billingsley of Portsmouth Polytechnic, one of the UK leaders in micromouse racing.

He has already received about 50 entries, not just from amateur enthusiasts but from AT&T and National Semiconductor of the U.S. The most unlikely contender promises to be a group from the European headquarters of the North Atlantic Treaty Organisation.

The popularity of such contests has mushroomed along with the technical capabilities of the mice. And, ever eager to borrow ideas in electronics from the West, Japan has taken to the sport with enthusiasm. The international finals to be held near Tokyo next year, with teams competing from the U.S. and Western Europe, promises to be the biggest

In the European heats, to be held in Copenhagen, Britain is likely to be represented by Mr David Woodfield and Mr Bill Urmenyi, two computer consultants, and Mr Alan Dibley and Mr Nick Smith, who work for IBM and British Gas respectively. A fifth British team will be a group of teenagers from school in North Wales.

Bidders line up for dockyard

By David Lawson

SEAFORTH Welding, one of Britain's biggest ship repair groups, has joined the list of potential bidders for British Shipbuilders' (BS) Falmouth Docks group. C. H. Bailey, with yards in South Wales and the west of England is also among the runners.

Morgan Grenfell, which is handling the sale for British Shipbuilders (BS), is revealing no details, although the deadline for companies to show preliminary interest has passed.

It is understood that the price could be about £5m to £6m for the Cornish yard, which has been turned around from a loss-maker to a profit of more than £1m in five years.

Visits are being arranged for eight potential bidders, including James Fisher in partnership with the docks group management, and A. P. Appledore combined with the promoters of the proposed Falmouth container terminal.

These had been involved in a single consortium which split when Falmouth Container Terminal Ltd (FCTL) judged that the proposed company would be under-capitalised and place too much reliance on bank finance.

ClydeDock Engineering, of Glasgow, has also showed interest in Falmouth but withdrew because it felt the price would be too high. It has bid for the docks twice in the past.

Seaforth, which employs 1,000 people at Liverpool and in Humber, South Thames and Ipswich ship repairers, wants to promote Falmouth as an alternative to foreign facilities for British liners needing large-scale work.

C. H. Bailey has nursed an interest in the Falmouth yard for more than a decade and made several unsuccessful bids. Mr Christopher Bailey, the chairman, staged a sit-in at BS headquarters in London three years ago in protest at what he called its "cavalier treatment."

Ex-Howden directors seek discipline ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TWO FORMER directors of Alexander Howden Underwriting yesterday asked the High Court to rule that Lloyd's, the London insurance market, had no power to take disciplinary proceedings against them.

Mr Jack Carpenter and Mr Alan Page – two of the so-called Howden "Gang of Four" – claimed that Lloyd's had no jurisdiction over them as they had resigned their Lloyd's membership before the disciplinary proceedings were started.

Lloyd's contends that the resignations were not valid but that, even if they had been, it would still have had jurisdiction over the pair's alleged acts while still members.

Mr Richard Yorke, QC, for Mr Carpenter and Mr Page, said that no such jurisdiction was to be found either in the Lloyd's Acts or by-laws.

He said the two men had resigned in letters written and delivered by hand to the chairman of Lloyd's on April 12.

It had been on that day that a settlement had been reached of claims against them by Alexander Howden and its U.S. parent, Alexander & Alexander.

Mr Carpenter and Mr Page – who were not rich men – had realised that as a result of that settlement, which involved the payment of large sums of money and the transfer of assets, they no longer had the wealth needed to be Lloyd's members.

They knew they would have to resign; the only question was when, Mr Yorke said.

"We do not for one moment pretend that Mr Carpenter and Mr Page did not see another advantage in facing up to the inevitable."

"They knew that disciplinary proceedings were in the air against them. By resigning they would, in their view, avoid the necessity of participating in those proceedings, which will be long and expensive."

The proceedings were due to start in November and would continue into the New Year, Mr Yorke said.

If possible the two men wished to avoid having to spend what depleted assets they had left on a pointless and sterile exercise.

The worst Lloyd's could do was expel them.

Mr Yorke said that Mr Carpenter and Mr Page claimed they had a complete defence to all the charges Lloyd's made against them, based on custom and practice in Lloyd's.

The hearing continues today.

Posgate plea rejected

BY OUR LAW COURTS CORRESPONDENT

MR IAN POSGATE, the suspended Lloyd's underwriter, has failed to rid himself of a High Court order freezing a large part of his assets.

In a judgment given in private yesterday Mr Justice Neill rejected Mr Posgate's plea to have a Mareva injunction made against him in September 1982, lifted.

A Mareva injunction, made against a defendant in legal proceedings, prevents him disposing of his assets in the UK or moving them out of the country.

The injunction, which left Mr Posgate with a substantial allowance to cover his living expenses, was granted to Alexander & Alexander, the U.S. broking group, which has sued Mr Posgate. Alexander opposed the application to have the order removed.

Mr Posgate said afterwards the judge had ruled that there was not a material change in the circumstances to justify a lifting of the order.

He said he would not be appealing against the ruling. "We argued it was more a stigma than anything else. We wanted it lifted from an investment point of view."

TECHNOLOGY

EDITED BY ALAN CANE

ROUND THE WORLD BALLOON ATTEMPT RELIES ON TEST TECHNIQUE

Up and away for textiles tests

BY PETER MARSH

AN AUSTRALIAN and a Briton plan early next year to make the first trip round the world in a balloon. If they succeed, they will have to thank, at least in part, a giant machine built at Leeds University for testing industrial textiles.

The balloonists, Mr Peter Anderson and Mr Julian Nott, aim to complete the 40,000 km voyage in about 16 days. The duo will fly about 10 km above the earth to take advantage of the high winds—the "jet-stream"—at this altitude.

Theirs will be the fourth effort to journey around the world in this way—previous attempts, all American, have failed after covering no more than a fifth of the route.

The aviators will break new ground in using a sealed balloon filled with helium that is maintained at a constant pressure. In conventional balloons, the helium changes pressure during the course of the journey. For example, it heats up at the beginning of the day and expands. At night the gas cools and the pressure decreases.

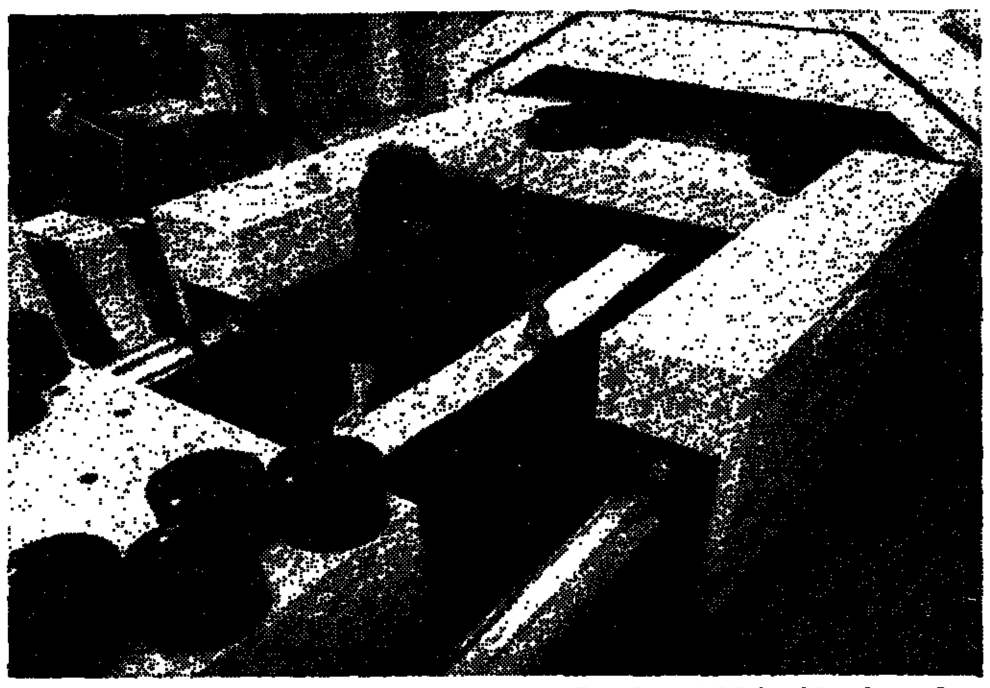
As a result of the pressure changes, the baloon gains or loses height. So travellers must continually jettison ballast or heat the helium with burners to prevent disruptions to their journey.

With a sealed balloon, on the other hand, shifts in altitude will be kept to a minimum with the result, so Mr Anderson and Mr Nott hope, that their progress around the globe will be as smooth as possible.

> The aviators will break new ground using a sealed balloon filled with helium

But to keep the helium at a constant pressure requires a particularly strong structure for the balloon's envelope. Mr Anderson and Mr Nott have chosen a skin made of nylon-based cloth around which are tightly wound 64 tapes made from Kevlar, a synthetic material produced by Du Pont.

The tapes, about 4 cm wide, will also support the pressurised gondola in which Mr Anderson and Mr Nott will spend the journey. To test these tapes against the strains that they will encounter in flight is no easy matter. The aviators selected for the job a huge device recently installed at Leeds University's industrial textiles department.



In an industrial version of tug o' war, giant jaws pull a piece of fabric with a force of up to 200 tonnes. The machine, at Leeds University, is used to test large pieces of industrial textiles

The £250,000 machine grabs with two pairs of hydraulically controlled jaws a piece of material that can be up to half a metre wide and 4.5 metres long. It then stretches the material with a force of up to 200 tonnes.

According to Dr David Lloyd, a textile technologist at the university, the machine can test specimens such as conveyor belts, ropes and cables, power-transmission belts, geotextiles (for road construction, for example) and large containers made from fabric.

The university commissioned the High Wycombe laboratories of Instron, a U.S.-owned maker of testing equipment, to build the hardware.

According to Dr Lloyd, British companies in industrial textiles and related areas such as the rubber and chemicals industries increasingly need to subject to large stresses large pieces of fabric. But until the advent of the new Leeds device, machinery of the appropriate scale was not available.

The Leeds machine is available for hire at rates of anything up to £6,000 a day for the most sophisticated tests. Engineers can command the hardware to vary over a set period of time the force with which it pulls the fabric.

The two jaws, each weighing 8 tonnes, can be made to oscillate at up to 10 times a second to simulate the juddering effect that a piece of material might encounter when, for instance, connected to industrial machinery.

In the Leeds hardware, safety measures are highly important. If the material under test for some reason broke, the jaws could be thrown back with a force approaching that of a runaway railway wagon.

So engineers have built into the mechanism buffers filled with compressible polymer that would absorb the shock of impact from the jaws. When in operation, the machine is shrouded by a special guard made from a wood-metal sandwich and which contains bullet-proof windows.

The hydraulic pumps that power the mechanism themselves take up a whole room and require a 250 kW supply of electricity when operating at full blast.

The new machine is part of a new testing unit at the department of industrial textiles which was completed recently as a result of a £500,000 gift from the Clothworkers' Foundation, a charitable organisation. Responsible for hiring the hardware in the unit to industry is University of Leeds Industrial Services, a company set up by the university to work on commercial applications of academic work.

Another piece of hardware in the new unit, also installed by Instron, is for testing smaller pieces of fabric that are up to 10 cms wide. In this machine, a set of jaws set apart vertically pulls apart the material with a force of up to 25 tonnes.

The Leeds researchers will not have to wait until next year to find out whether their work with the balloon project produces useful results.

The ballooning team plans a test flight, using a prototype envelope based on the structure to feature in the round-the-world trip, which is due to start from Perth, Australia in the autumn.

Controversial issues of film finance

Video & Film

BY JOHN CHITTOCK

ONE OF Britain's leading feature film-makers, Alan Parker, has another talent which he uses every week in the trade magazine *Screen International* — drawing cartoons. Last week's simply showed a toilet roll—with the caption "Government White Paper."

It succinctly sums up the general tenor of film industry response to the just-published White Paper on film policy. "For a Government which has prided itself on introducing measures in industrial policy to stimulate production we find their annual intervention (of £1.5m) . . . insignificant and ultimately derisory" (Association of Independent Producers). "There is much to deplore . . . Britain is the only country with an important film-making industry without solid financial support from the Government" (British Film and Television Producers' Association). "Industry aghast at film finance plans" (*Broadcast* magazine).

Right across the industry, the good words are hard to find. Money appears to be at the heart of the problem—such as the privatisation of the National Film Finance Corporation, which is merely passing back to the private sector an operation it already performs anyway but will perform less in the future with the removal of capital allowances.

The possibility of providing the industry with £35m per year by introducing a levy on videotapes (50p would suffice) is rejected in the White Paper, despite much support for the idea. Such an injection of cash could, in the long term, benefit everyone in an industry which provides video with its most sought-after material—but the supply of which will decline as fewer and bigger films take most of the profit, the range of film activity is restricted, cinemas become shabbier and the greatest art form of the century becomes an American import.

One leading film investment consultant last week predicted that the Government's expectations that free market forces will come to the rescue could soon be proven wrong. The showdown will come, he reckons, in a number of film investment schemes that were in preparation before the Budget. As at least four of these come to the market soon, supported by prestigious City names, he predicts there will be only enough money for one.

But the frustrations of the industry are not entirely about money. Successive governments have tossed white papers and reports around like worthless chain letters—forever pressed to provide some kind of national support and leadership, but always allowing the situation to languish on.

"Films are a mixture of art and commerce. At the extremes are the purely experimental film, which cannot expect an audience of any significant size and the purely commercial film, which has no artistic pretensions. But between these extremes lies the broad territory of film-making. . . In our view it is, therefore, logical and sensible that responsibility for film-as-an-industry and film-as-an-art *should* be centralised in one body."

That was the report of the Prime Minister's working party on the future of the British film industry—the Prime Minister was Mr Harold Wilson, the year 1976, and the recommendation the setting up of a British Film Authority. That particular proposal has echoed on over the years and indeed has remained as elusive as an echo.

In the climate of information technology, where real progress has been made by Government at a breath-taking pace, at least there should be hope for industrial and educational applications of the media. "Those wanting help and guidance" (in the specialised use of audio-visual media) "have had to rely too often and too implicitly on the information provided by the salesmen. . . We have become increasingly aware of the complicated inter-relationship and of the occasional rivalry between the existing central organisations, whose functions often overlap and whose remit in the field of audio-visual aids as a whole is limited."

The criticism comes from another government report—*Audio-Visual Aids in Higher Scientific Education*. The bottom line is a detailed proposal for the establishment of a national audio-visual aids centre that could provide information, co-ordination, research facilities, training and various other services—especially for the education sector but its use could extend to the general industrial, scientific and technical communities in Britain. With film, video, cable TV and other forms of television so crucial to information technology, the value of such a centre is obvious.

The snag is that this particular proposal and report was published in 1965, under the chairmanship of Dr Brynmor Jones, and Britain is no nearer to that hope which created so much enthusiasm at the time.

Both entertainment and information sectors should at least take heart from a much more recent government report, which says that if its proposals are adopted "the resulting stimulus to programme and information producers would result in products that had (sic) significant international markets, given the high reputation of UK broadcasting and information services."

This was 1982 in the report on cable systems published by the Cabinet Office's Information Technology Panel. The proposals were adopted, with commendable speed. But last month, one of the leading cable TV protagonists—Mr Robin Hill of Merseyside Cablevision—pronounced the state of the cable industry as a disaster, blaming the Government for delays, phasing out of capital allowances, problems with British Telecom, bad handling of the pilot projects.

Yet whoever survives—cable, video, TV, DBS or the cinema—their staple diet will be the moving picture. A product which Britain makes particularly well with an industry that remains in the vanguard of technical developments and applications. But as an industry which is a "mixture of art and commerce," with "organisations whose functions often overlap and whose remit. . .is limited" (there are now over 140 in UK dealing with one or the other aspects of audio-visual media) it seems it is destined to survive only as market forces allow, not as the nation could most benefit.

Materials

Chemical separation

HARWELL has developed a range of chromatographies materials with applications in the biochemical process industries. Uses include large fluid volume process, protein and enzyme recovery, the purification of biological fluids, biocatalysts and the production of chemicals and pharmaceuticals.

The materials will be produced by Sterling Organics under the trade name Macrosorb. Sterling is aiming at large markets in the food, brewing, chemicals, pharmaceuticals and effluent treatment industries.

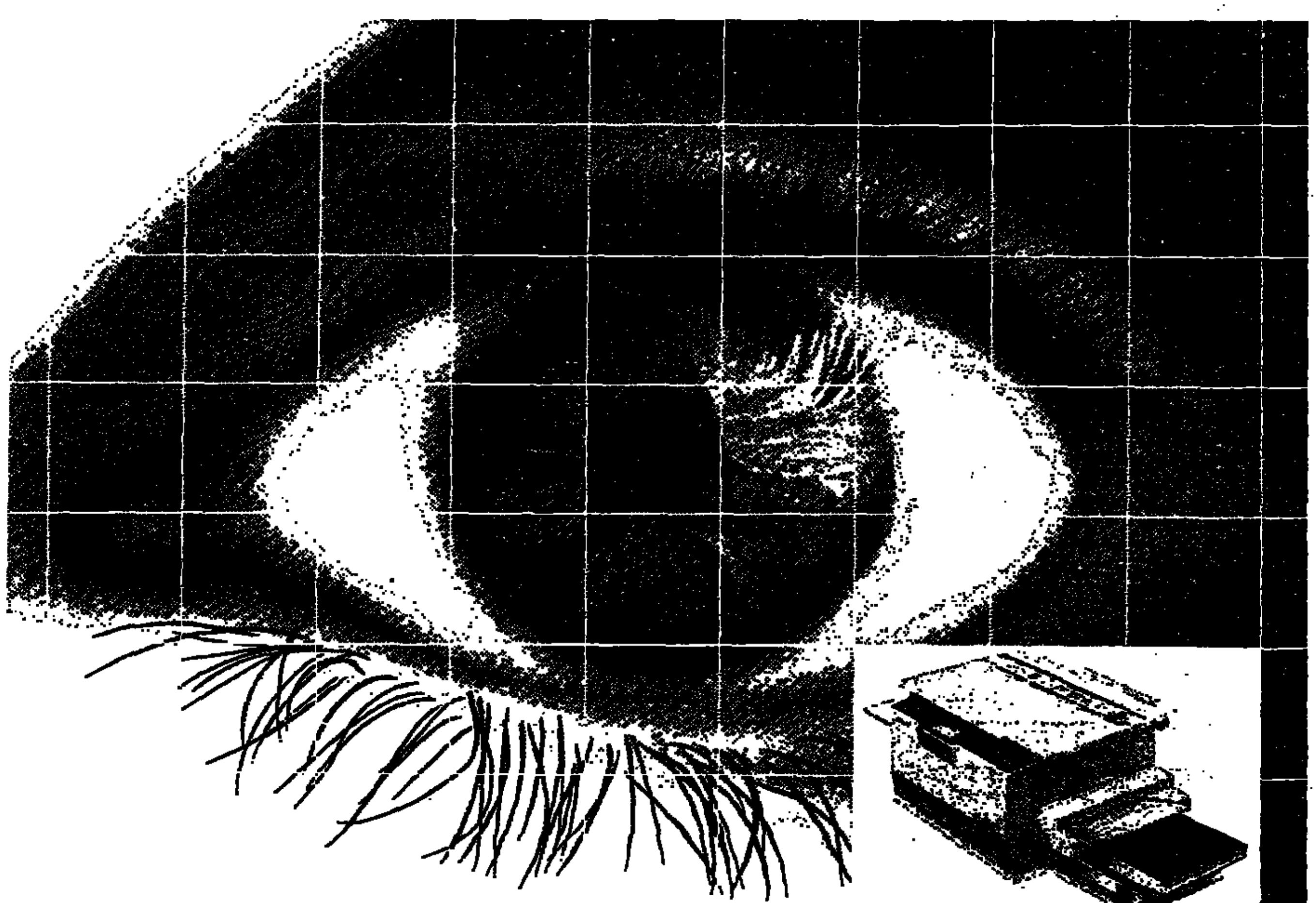
Macrosorb materials are powders with absorptive properties useful to separation of proteins for example, which may be mixed with other substances. More details from Sterling Organics in Dudley, Northumberland on 091-250 0471.

Communications

Ship to shore

THE DEVELOPMENT of an advanced ship to shore automatic high frequency telegraphy system is to be carried out by Marconi Secure Radio Systems, based in Portsmouth. It is under a £3.3m contract from the UK Ministry of Defence.

Deliveries of equipment will begin at the end of 1987. Marconi is to provide two shore based facilities comprising a receiving station with monitoring, control and transmission equipment. Royal Navy ships will use Marconi's ICS3 high frequency radio communications units and the company is developing other equipment for submarine communications.



THE ARTS

The serendipity of specialist design

The first Crafts Council Open exhibition—at the Crafts Council Gallery, 12 Waterloo Place, London SW1 until September 23—is likely to become a biennial event. Another, for musical instruments, is already advertised for 1986. Since it is obviously designed to be an institution, vying with fine art affairs such as the Tolly Cobbold or even the Royal Academy summer exhibition, close scrutiny is in order before any mistakes become embedded in a formula.

Crafts Council's claims that it is aiming to attract people from outside the established circuits and thus broaden the Council's role. The Open was advertised in specialist journals and attracted, in the case of the furniture section, some 120 entrants and in the other two, bookbinding and clocks, around 50 and 30 respectively. The question must be, then, did such a wide trawl bear fruit? Does the exhibition demonstrate its purpose?

The entries were whittled down and those chosen for the short-list visited by a distinguished panel, including Jean Muir and Theo Crosby with William Packer (more familiarly of this space) as Chairman. There were, in the end, a dozen furniture makers, nine book-binders and five clock makers. It was a very selective picking and therein, perhaps, lies part of the problem of this first Open.

The exhibition is, by the standards of an already consistently high quality exhibition programme, very worthy of its place. In any case, the problems do not really touch the bookbinders and clockmakers. The latter, when the field is narrowed down to those who make their own mechanisms, are a tiny guild of men skilled beyond the grasp of most of us.

George Daniels, whose career as a watchmaker (as opposed to expert and repairer) only began in 1969, offers a space traveller's watch, in which sidereal, mean solar and solar time are all represented. In this astonishing creation, just 6 cm across, every minute detail was Daniel's own making with the sole exception of the engine turning on case and dial.

For the bookbinders, the work ranges between the simple and attractive rebinding of earlier volumes, such as Jeff Clements's collages of coloured leather, and the seductive three-volume set of Dante's *Inferno*, itself a limited edition illustrated by Tom Phillips, bound by Pella Erskine-Tulloch. In this the leather is embossed and the set designed progressively, so that the image set in copper on to Volume One is still suggested, though now as a shadowy impression of a figure, on Volume Three. The crystalline air of the upper heights of rare book publishing blows through the gallery here: these are sumptuous collectors objects made and finished with consummate skill.

It is in the furniture section that the objectives of the Open seem to falter. A handful of furniture makers is represented in this highly competitive field; yet the emphasis is on the wilful, the fashionable, and pathetically little on the practicable, the replicable. Despite that, there is even a new prize on offer, the Batsford Craft Award specifically aimed this year at furniture which can be produced "in batches." (Is the term "mass production" forbidden in these hallowed surroundings?)

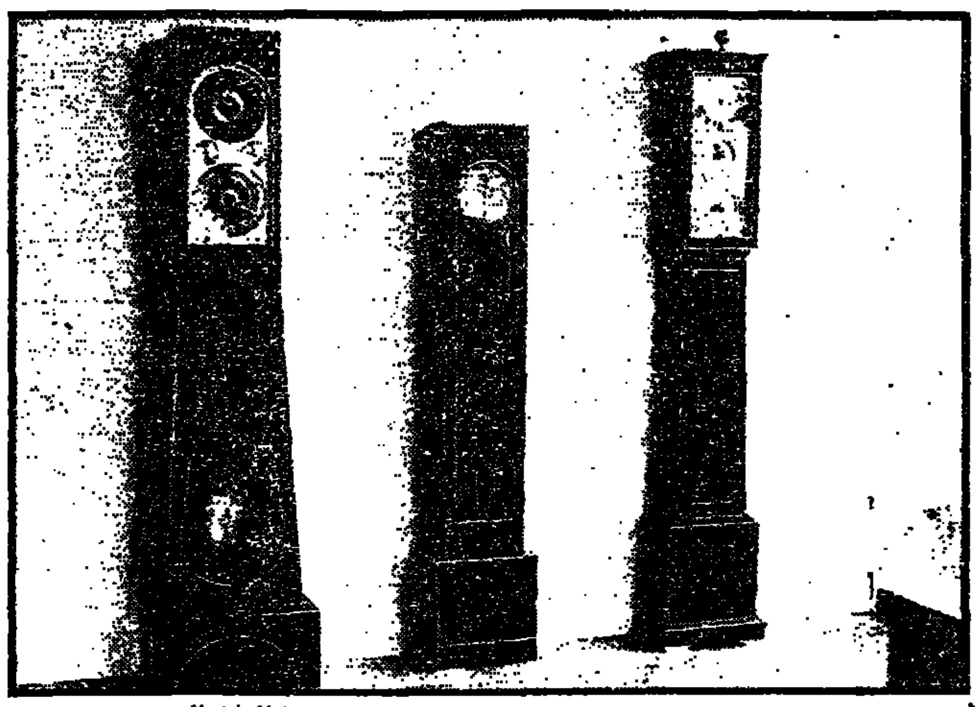
The chosen pair of winners, Richard Latrobe-Bateman and Robert Williams, have both produced chairs—one a folding/hanging chair, the other a simple stained wood dining chair. Nothing else in the exhibition could possibly have been eligible—some for good reason: Alan Peters's sumptuous oak table, for instance, in the honourable tradition of the Barnsleys, is quite simply a single masterly piece: others are ephemeral, and quite often, instinct with that troubling whimsicality which seems to be infecting the arts in general. Jokey nihilism may be alright in sculpture, but in furniture it seems superfluous, even dangerous.

An honourable exception is Andrew Holmes, who seems to lean on serendipity and whose work reveals him to be also a sculptor. His settle and chest are both inspired assemblies of pew ends, drawer fronts, knobs and old nails, achieving a kind of weird Gothic Revivalist effect. However, on the whole, I am not a subscriber to the new school of driftwood and skip-liberated carpentry. Even John Makepeace is doing it, with a four-poster bed constructed from "mixed conifer thinnings"—but still £2,500.

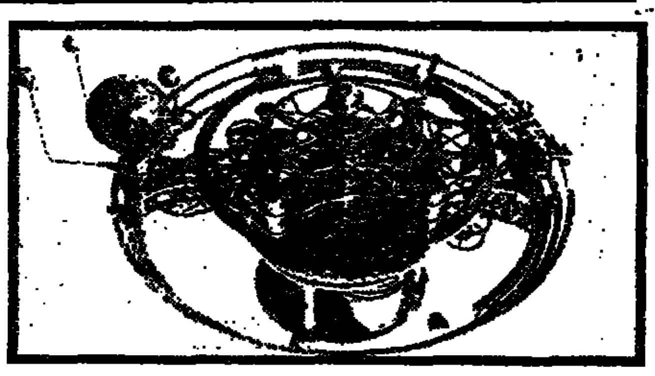
Andy the furniture maker, who would appear to have a following on the wilder shores of the art world, submitted a work called "Market Stall." Made of "found wood," and costing over £800, despite having been made in a considerable hurry, it was perhaps a joke perpetrated against the po-faced. But if furniture is to be set aside, bought for museum collections only (as seems the case with the complex tartan veneered cabinet by Fred Baier) perhaps daft prices and a bit of a laugh do constitute the best approach.

These thoughts were brought home abruptly by a conversation, but an hour or two later, with Olga Polizzi, Director of Design for Trusthouse Forte. She was lamenting the inability of most British furniture manufacturers to either design or to make the kind of furniture we most obviously need. Whilst the company can buy almost exclusively British in fabrics, carpets and even lighting (a recent development and, surely, a happy one), in furniture the British are way behind. So Italy and Germany supply the gap. If the Crafts Council Open, from 120 entrants, cannot find a single piece of furniture which could conceivably be mass-produced then is it not serving to put the crafts back behind glass and in the museum? Yes, the liveliness and quality are there, but where is the acumen?

GILLIAN DARLEY



Alastair Muir



Exhibits from the Crafts Council's Summer Exhibition include (above) three clocks designed by Roland Jarvis and (right) an orrery, a clockwork model of the solar system, designed by Eric Watson: work of a tiny guild of men skilled beyond the common grasp of most of us. It is hoped that the exhibition of crafts and design will become a biennial event. But can it attract the sort of work suitable for a wider manufacturing market?

Arabella/Glyndebourne

Andrew Clements

John Cox's production of *Arabella* opened at Glyndebourne four weeks ago, when it was described here by Ronald Crichton as "a vintage Glyndebourne evening." The initial performances were conducted by Bernard Haitink, who will return to end the run, but for four performances Stephen Barlow takes over; the first of these was on Friday last.

Mr Haitink's must be a hard act to follow. But Mr Barlow brings to the score a naturalness of dramatic flow and lyrical line that declares a true Straussian. The orchestral sound was always respectable but not quite ideally smooth, the strings curiously boxy at times; however, voices were nearly always in good equilibrium, save for the three suitors, whose brief contributions were often masked by relatively lightweight textures. Mr Barlow plays down the sensuousness of the waltzes, rightly making them a background to which the real business of the ballroom is carried out and thus according well with Mr Cox's careful delineation of the strands of the second act.

Arabella is connoisseur's Strauss, a kind of low-calorie *Rosenkavalier*, in which the melodies are less self-consciously opulent, the humour quieter and more penetrating. The strength of this staging—and that achievement certainly includes Julia Trevelyan Oman's splendidly claustrophobic, bletted sets—is that it marks the distinction between the faded Vienna of this opera and that of its more popular predecessor. What had been grand and voluptuous in *Rosenkavalier* has here become shabby and slightly frantic; it now represents a society that had passed its peak and was on the way down, just as Strauss must have known by the time he came to write *Arabella* in 1929 that the old order had changed and that his own musical world had finally lost touch with reality.

All of this seems to me to be well conveyed by this production, though the cast responded with varying success to its demands. Only Gianna Rolandi's chubby, impulsive Zdenka/Zdenko and John Brocheler's fascinatingly brusque Mandryka crystallised their characters from their first entries; elsewhere singers took a while to settle into their roles. Ashley Putnam looks marvellous, but seemed a shade too stiff and marmoreal in the opening act, only putting real flesh on Arabella's bones in her bittersweet monologue towards its close; the Adelaide of Regina Sarfaty was only a heavy-handed caricature in her confrontation with the fortune-teller that begins the opera.

The brittle, vapid coloratura of Fiakermilli perhaps epitomises the desperation that pervades this opera more completely than anything else; Gwendolyn Bradley caught it cleverly and well, while Artur Korn's Count was a nicely judged piece of character-acting. All in all it has become a tightly-knit production crammed with nicely obeserved detail; so much of it is fully and triumphantly realised that the occasional moments when the definition becomes blurred hardly matter at all.

Berliner Band/Bloomsbury

Dominic Gill

Though it includes Weill and Eisler in its programmes, John Harle's seven-piece Berliner Band does not confine itself to Berlin of the 1920s—but offers an exuberant mix of cabaret music (stretching the definition to include a sprinkling of jazz) from a number of different styles, countries and periods.

A substantial part of their concert on Friday night — the penultimate event of the Bloomsbury's two-week festival —was to have been cinematic: screenings of René Clair's *Entr'act* accompanied by an arrangement of its original Satie filmscore, and of Fernand Léger's *Le Ballet Mécanique*, accompanied not by George Antheil's original massive percussion fantasy but by a new score by Michael Nyman. The discovery, made at the last minute, that the films were technically incompatible with the Bloomsbury's projector meant no film. The programme proceeded, greatly shortened. Nyman's score, played alone as a concert piece, had characteristically mellifluous charm (simple melody, simple harmony, dovetailed with a skill easy to underestimate): no doubt, since it was designed to synchronise with the Léger virtually frame by frame, the authentic effect is sharper still.

For the rest, Sue Bickley's dark, ever so slightly gravelly mezzo made a stylish impression in a group of songs—which included Brecht/Eisler's four bittersweet little *Hollywood Elegies*, another of Eisler's most haunting songs, "The Love Market," and the evergreen "Je te veux" which Satie wrote for the Black Cat cabaret. Three pieces by different composers, run together in a single jam-session, featured a splendid solo by the band's new bassist Chris Lawrence. Dave Heath's *Bartrock*, distant cousin by arranged marriage of Bartok's *Rumanian Dances*, was an uneasy hybrid: not so much up-beat folk, as a blurred reminiscence of Beirut By Night.

Obituary/Richard Burton

B. A. Young

Richard Burton, who died on Sunday of a cerebral haemorrhage in a Geneva hospital, was a film star for 30 years, following a meteoric stage career which marked him out as the new young lion on the trail of Gielgud, Olivier and Richardson.

In a television profile last year he confessed to having wasted his talents in a series of dreadful films, but he was busy to the last. He appeared on Broadway last year with Elizabeth Taylor, whom he twice married and twice divorced, in *Private Lives*. He had lately completed filming on George Orwell's *1984*, due to be released later this year.

He was born in Pontrhydfen, South Wales, in 1925 and was much influenced by (and loyal to) his background in the valleys. His father was a miner and he was the 12th of 13 children. He went to Oxford University, where he appeared with the OUDs and soon revealed that natural talent for verse-speaking which made him as accomplished an interpreter of Shakespeare as of Christopher Fry.

Remembering that delightful start in *The Lady's Not For Burning* and his memorable work at the Old Vic in the 1950s, it is hard not to rate Richard Burton's career as a disappointment. He finished his National Service in the RAF in 1947, 22 years old, and within two years was an established star as Richard in Christopher Fry's play. He continued to play in verse plays for a while until the Old Vic promoted him to better-class verse as Hamlet at the Edinburgh Festival in 1953.

He stayed with the company for the rest of the season, in *King John, Twelfth Night, Coriolanus* and *The Tempest*, varying romantic leads with parts like Sir Toby Belch and Caliban. He returned the following year for *Henry V* and the next year to alternate Iago and Othello with John Neville.

From that time on he was lost to the English stage. In 1961 he won the New York Drama Critics Award as Arthur in *Camelot*; in 1964 he gave Hamlet under Sir John Gielgud. Only once again did he play in England; as a guest star for OUDS in 1966, he gave a magical Faustus, where he graduated from old age to youth in a single magnificent gesture. Elizabeth Taylor played the wordless part of Helen.

Of his many screen performances, the most memorable must be that opposite Elizabeth Taylor in *Who's Afraid of Virginia Woolf?* Of the 30 odd films in which he appeared, his Antony in *Cleopatra* emphasised how much the stage had lost in his total transfer to the screen.

Trevor Humphries

Richard Burton: a great but reckless talent

Early music in Flanders

London is Europe's year-round capital of Early Music, but for an annual festival concentration there could be no more suitable city than Bruges—or Brugge, to give this city of Memling and Jan Van Eyck its official Flemish name. Concerts, competitions and instrumental exhibitions are fitted happily into the cluster of churches and other ancient, picturesque buildings.

British ensembles are habitually prominent in these Flanders Festival programmes, and my expectations were particularly high after last year's remarkable staging of *Cupid and Death*, the Restoration masque with music by Matthew Locke and Christopher Gibbons which may be claimed as the first English comic opera.

Disappointment no. 1: this year's opera, Monteverdi's *Orfeo*, turned out to be a performance in concert version only, though the advance programme never hinted that. Bad platform planning at St Walburga's church made it worse. The instruments, under Andrew Parrott's direction, were so disposed as to block the solo singers from the view of a large part of the audience. In a festival season when *Orfeo* has been staged with all possible magnificence of effect in Florence, and when another staged version is about to be launched just over the Belgian/Dutch border at Utrecht, Flanders has no right to be offering half-measures.

True, the singers were encouraged to advance or retreat on the platform according to the entrance and exit of their characters. But most had not taken time to memorise their parts, and I know few things more ridiculous than the sight of a performer clutching his or her score with one hand while making flapping gestures of supposed emotion with the other.

One singer alone redeemed his role triumphantly: Mark Tucker not only sang Orpheus's part from memory, mastering the intricate coloratura of "*Possente spirto*" with the utmost naturalness, but used his ambient space with the command of a dancer and with a full repertory of mimetic gesture.

I wished for Mark Tucker's presence a few days later, when his finely controlled impetuousness might have lent fire to a rather sober performance of Monteverdi's *Vespers* under Stephen Cleobury. The choir of King's College, Cambridge, was admirable and adaptable, enabling Mr Cleobury to make smoothly convincing transitions between those parts in chanted, speech-like rhythm and those in regular metre.

But most of the solo singers attacked Monteverdi's extravagantly florid vocal lines with true British (or American) grit and not much else. Excitement, adventure, and daring contrast—the very qualities which should animate these so-called *Vespers*—were largely missing, and the instrumental contribution of the (German) Collegium Aureum was likewise dull.

At St Gillis Church, a chamber ensemble called the London Baroque turned out to number only five players, with which (and without viola) it was an impertinence to essay a concerto by Corelli.

Pleasant as it was to hear some finely artistic solo playing from Charles Medlam (cello) and John Toll (harpsichord), I suspect this ensemble's rather free appropriation of pieces whether properly ascribed to their composers or not. The programme-book of the Flanders Festival, though copiously supplying opera texts and performers' biographies, is disturbingly short in supplying a genuine authentication of the music.

Indeed, if authenticity is the central issue in Early Music, then it was thrown teasingly open by a dazzling Dutch group of recorder-players, the Amsterdam Loeki Stardust Quartet.

Attractively dead-pan in uniformed appearance, they have every conceivable accomplishment of dexterity, expression and ensemble. But when they apply their art indiscriminately over the spectrum of Renaissance and Baroque, even tackling the characteristic string textures of a Vivaldi concerto, and when they use giant bass instruments with modern keywork, then the result can at times be as anachronistic as when the young Larry Adler used to delight his audiences with Bach on the mouth-organ.

ARTHUR JACOBS

Nicholas Sackman/ICA

Dominic Gill

It's refreshing every now and then to be reminded that there are still a number of composers under 40 who are disciples neither of the Neo-Romantic movement nor of the School of Additive Obfuscation—who neither believe that they are reincarnations of Schuman, nor propose to hide their music, such as it is (and there's the rub), in a blistering hurricane of notes and complex rhythms, ever more obscurantist, ever more self-defeating.

The MusICA series devoted a whole programme on Sunday night to the music of Nicholas Sackman: an interesting and original composer (b 1950), living in London, whose work owes little to any of the fashionable schools, and who, if never exactly ignored, has never been more than sparingly acknowledged.

Sackman was a pupil of Alexander Goehr—from whom he may have absorbed, especially in his earlier music, some of Goehr's quicksilver attentiveness to precise aural detail, and something also of his methodical, academic dryness. *Ensembles and Cadenzas* of 1972 for solo cello and five instruments, even in its newly revised form, still sounds a tentative, self-conscious essay, devised with an unusually sensitive ear, but studentish in its preoccupations.

The rest of the Sackman programme, however, was more recent—and much more characterful, more secure in its stance. I specially liked *And the World—a Wonder Waking*, which uses a poem by Bill MacCormick, gently unfolded by solo mezzo soprano, as its catalyst—a sparse, delicate commentary for eight instruments written in 1981, not specifically a setting, but a mirrored focus of the words, which achieves more by sleight of hand in 11 minutes than many composers achieve in half an hour's dramatic bludgeoning.

Holism, for solo viola and cello, 12 minutes long, also had peculiar, plangent authority—a simple idea executed with lively imagination, and above all with a keen sense of apt oppositions and combinations. Sackman's piano sonata was composed earlier this year: severer than any of the three preceding works, its contours (especially rhythmic contours) sharply etched, its contrasts stark. It uses just one or two sorts of piano figuration even too relentlessly: but the textures were never turgid, and the Peter Lawson's performance was direction always perfectly clear, exemplary—as was the playing of the instrumental ensemble Lontano under Odaline de la Martinez.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

Aug 3–9

WEST GERMANY

Bayreuth: Bayreuth's festival until August 29. This week of performances starts with Götz Friedrich's production of Parsifal. It has Peter Hofmann in the title role and Waltraud Meier as Kundry. The Flying Dutchman is a Harry Kupfer revival, conducted by Woldemar Nelsson, and has last year's highly acclaimed Simon Estes in the title role. Wolfgang Wagner's production of Die Meistersinger von Nürnberg features Wagner specialist Bernd Weikl as Sachs, Manfred Schenk as Pogner and Hermann Prey as Beckmesser. Musical director is Horst Stein.

SALZBURG FESTIVAL

Idomeneo. James Levine conducts the Vienna Philharmonic and the Vienna State Opera Choir with Luciano Pavarotti, at the Riding School Concert Hall (Thur).

Macbeth. Riccardo Chailly conducts the Vienna Philharmonic, the Vienna State Opera Choir and the Sofia National Opera Choir with Piero Cappuccilli, Nicholai Ghiaurov, Ghena Dimitrova and Margaret Lilowa, at the Large Concert Hall. (Wed).

Berio's Un Re in Ascolto. Lorin Maazel conducts the Vienna Philharmonic with Karan Armstrong, Anna Gonda, Theo Adam and Thomas Mosek at the Small Festival Hall (Tue).

VIENNA

Die Fledermaus conducted by Rudolf Bibl at the Staatsoper (Wed). (5324/2655).

Strauss's Vienna Blood (Mon, Tues, and Wed) and Mozart's La Finta Giardiniera (Thur, Fri and Sat) performed by the Vienna Chamber Opera at the Schönbrunn Palace Theatre (859893).

NEW YORK

New York City Opera (New York State Theater): The company's 40th season continues with The Barber of Seville, conducted by Christopher Keene, directed by Toby Robertson, with Judith Forst as Rosina and Frederick Burchinal as Figaro, and La Bohème, conducted by Imre Pallo, with Maryanne Telese as Musetta and Richard Leech as Rodolfo. Carmen, The Magic Flute and Madame Butterfly will also be performed. Lincoln Center (870 5570).

FT writers select their personal Top Ten

Magic nights illuminated by the stars

THE FT 10 TOP TEN

TOP OPERAS

Strauss: Elektra, 1969
Gluck: Alceste, 1981
Wagner: The Mastersingers, 1968
Wagner: Tristan and Isolde, 1978
Mozart: Don Giovanni, 1982
Britten: A Midsummer Night's Dream, 1981
Janacek: From the House of the Dead, 1982
Berlioz: Les Troyens, 1968
Birtwistle: Punch and Judy, 1983
Sallinen: The Red Line, 1978

MEMORABLE opera performances, in my experience, have mostly been given by tightknit ensembles tackling serious works in a selflessly illuminating way. The glitter of a single star tends not to make for such memorable occasions, especially in the post-Callas era (which is when my own European opera-going began).

One great star-dominated evening, however, was Birgit Nilsson's first *Elektra* at Covent Garden in 1969 – an unleashing of such brilliance as to urge an aged production and a team of notable Strauss collaborators into surpassing themselves, singly and corporately.

Janet Baker's theatrical persona, in no way conventionally stellar, possessed similar powers of transformation; later in the run of her 1981 Covent Garden farewell opera, Gluck's *Alceste* (once first-night mishaps had been set right), she and conductor Charles Mackerras took a magnificent flawed masterpiece to unsurpassed heights.

When, in Wagner, a conductor commands the secret of keeping the huge spans of musico-dramatic time moving steadily, imperturbably forward, one comes out walking on air. In the last two decades only Reginald Godall has been such a Wagnerian conductor; his *Mastersingers*, above all when Sadler's Wells Opera (now the English National Opera) gave it for the first time in their new Coliseum home in 1968, and his very first Cardiff *Tristan und Isolde* for the Welsh National Opera in 1978, count as my two supreme Wagner evenings.

At Glyndebourne, the possibility exists of realising at least a part of the ensemble opera dream. Peter Hall's remarkable *Don Giovanni* production reached its apogee with the cast and conductor (Bernard Haitink) of 1982, when it became the most exciting, disturbing and balanced account of a notoriously performer-proof opera you could ever hope to encounter. Of the other triumphs of the team of Hall, Haitink and designer John Bury, perhaps Britten's *Midsummer Night's Dream* in 1981 has been the pick – funny, fantastical, and quintessentially English.

Some of my most thrilling opera nights have happened when a work previously deemed "difficult" is proved triumphantly otherwise. The Janacek case was already proved before the Welsh National tackled *House of the Dead* in 1982 – but never more powerfully. Similarly with *The Trojans* and Colin Davis: his passionate enthusiasm – felt most strongly I think, in a 1968 Promenade Concert – crushed the last bastions of Berlioz resistance.

Birtwistle's *Punch and Judy*, in last year's production by Opera Factory London, was made to emerge as a key work of the postwar decades. Blazing conviction at the 1978 Helsinki premiere of Sallinen's *Red Line* – a milestone in the extraordinary Finnish opera renaissance – worked a comparable feat.

Max Loppert

Janet Baker and Robert Tear in Alceste

Tomorrow: The ten best golf courses

FINANCIAL TIMES
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Tuesday August 7 1984

Patching up world debt

AUGUST has always been a busy month when it comes to Latin American debt problems. Two years ago Mexico was at centre stage; last year it was Brazil; and now the international banking community is grappling with problems on several fronts at once.

Yesterday Mexico began a new round of intensive negotiations with its international bank creditors on a deal to reschedule $48bn of debt falling due in the second half of this decade. Today Sr Bernardo Grinspun, Argentina's Economy Minister, is due to fly to Washington for fresh talks with the International Monetary Fund. Tomorrow Venezuela's bankers are to present their counter-proposals to the $22bn reschedul-ing plan submitted two weeks ago by Sr Manuel Azpurua, Finance Minister.

All these talks are taking place in a modo of optimism that contrasts strangely with the gloom prevailing as interest rates rose this sping and early summer but the progress being made could easily turn out to be deceptive. Despite the fanfares with which new techniques of rescheduling are being launched precious little has happened to give grounds for confidence about the long term.

Vindication

In the short run much good could come of the talks under way. If they were to lead to a new Mexican deal and to a reconciliation between Argentina and the IMF there would be little chance of a major confrontation between creditors and debtors at next month's IMF annual meeting. The "can't pay won't pay" protests that threatened in June would simply melt away.

Indeed it would be surprising if the Federal Reserve and other monetary authorities are not actively encouraging commercial banks to produce some good news on the debt front before this meeting. Apart from anything else it would be a vindication of the case-by-case approach adopted by the London summit in June. An IMF agreement with Argentina would be an added bonus. Not only would Western policy of isolating Argentina from other creditors have been successful in averting the formation of a debtors' cartel, the prospect of being permanently cut off from fresh credit would also be seen to have forced one of the most recalcitrant debtors back into the fold.

Here, unfortunately, the good news stops. The mere fact that talks are in progress does not guarantee a successful outcome. Argentina and the IMF still appear to have a long way to go before final agreement on an economic stabilisation programme is reached. More important still is the fact that smaller banks are displaying great caution towards the ambitious rescheduling proposals presented by Mexico.

One of the main sticking points is Mexico's request that agreements concluded since its debt crisis broke in 1982 be reopened and renegotiated at lower interest rates. But there is also a widespread reluctance among banks to commit themselves to a rescheduling that stretches out to the end of the century. In Venezuela's case, too, creditors have expressed a preference for a conventional arrangement that would bring speedy repayment of at least some principal at rates that are not truly concessional.

Rescheduling

Thus a lot of work still has to be done before the principle of multi-year rescheduling at low interest margins gains universal acceptance. Even some large banks familiar with Mexico and the general background to Latin America's problems baulked initially at the demands of Sr Jesus Silva Herzog, Finance Minister, when they were finally laid on the table. In short the prescription for tackling the debt problem produced by Western Governments after the London summit could still turn out to have been made too lightly.

Moreover, there are plenty of reasons why banks should now be wary of long-term arrangements. Real interest rates remain very high and nothing has been done so far to alleviate this cost for the debtors. So far they have survived by cutting imports to the bone and boosting exports, mainly to the U.S. where new markets have been opened up by the booming economy.

What will happen next year if the U.S. economy slows and yet interest rates remain high? Then no amount of patching up would disguise the fact that the debt problem is intractable. In that situation an easy run for the creditors at this year's IMF meeting would appear a hollow victory indeed. Certainly it should not be used to dismiss once and for all the notion that western governments may one day have to put some money on the table.

A regulator for British Telecom

It would be an understatement to remark that Professor Bryan Carsberg faces a daunting task as the first director general of Britain's Office of Telecommunications (Oftel). Following its planned privatisation in the late autumn, British Telecom (BT) will become Britain's biggest private sector monopoly. With slender resources—a staff of 50 and a budget of under £3m—Prof Carsberg is expected to keep this goliath under control, stimulate competition and protect consumers.

As he assumed his new responsibilities yesterday—fresh from the London School of Economics—Prof Carsberg was making encouraging noises. He intends to be even handed and vigilant. he will not passively wait for problems to emerge but will strive to be an active troubleshooter, and he recognises that competition, rather than regulation, will provide the most effective protection for consumers. Good decisions, he argues, tend to follow an open debate, so public discussion of contentious issues will be encouraged.

Amendments

These are fine objectives and if carried through effectively will doubtless assist the development of an efficient and competitive telecommunications industry. In the short term, however, Prof Carsberg's task is more prosaic. If Oftel is to command genuine respect it must establish its independence from both Whitehall and BT. This will not be easy. Prof Carsberg says he will not be inhibited as a regulator by the looming privatisation of BT. In view of the Government's lukewarm response to the Civil Aviation Authority's plan to trim back British Airways ahead of its flotation, this assurance must be taken with a pinch of salt.

If the need to keep the City happy tightly circumscribes Oftel's ability to regulate BT prior to privatisation, will things change much after the flotation? On paper they should: Oftel's director enjoys unprecedented scope as a private sector regulator. BT's licence is not set in stone, and it will be Prof Carsberg, rather than the Secretary of State, who will be responsible for proposing and forcing through amendments to it.

Aspirations

The political problem for Oftel will be the scope of BT to lobby MPs and ministers directly who might then lean on the director general. If the constraint that tariffs should rise a maximum of three percentage points less than the rise in the retail price index proved onerous, for example, Prof Carsberg would have to brave pressure to relax it. Amicable relations with BT will be a near necessity for Oftel since, in the short term at least, BT will be its prime source of information and expertise on telecommunications. Prof Carsberg intends to gather information as fast as possible but until Oftel has established itself as an independent centre of expertise, its credibility as a regulator will be fragile.

Much has been written on the phenomenon of "regulatory capture"—the insidious process whereby a regulator or sponsoring department gradually takes on the aspirations of those it is meant to supervise. This fate will be hard for Oftel to avoid so long as effective competition for BT remains minimal: there is very little prospect of serious rival emerging in local residential telephone services and only a slim chance that Mercury Communications (the competitor created by the Government) will prove more than a very minor irritant for BT in the provision of trunk services.

A strong, independent performance by Prof Carsberg as the first director of Oftel would do more than enhance the development of Britain's telecommunications industry. It would underline the sense of trying to take nationalised corporations out of the political sphere and it would illustrate the value of hiving off regulatory functions from government departments. If Oftel succeeds, the case for an agency constituted along similar lines to regulate the City of London would be substantially strengthened.

THE SURGE ON WALL ST

Why the bulls are back

By Terry Dodsworth in New York

AT A LITTLE after 11 am last Friday, some extraordinary news came trickling over the topes from Well Street. Share volume on the New York Stock Exchange, it said, had reached almost 70m in the first hour of trading.

In the event, the figure turned out to be a slight underestimate — but it was immediately obvious that Wall Street was in for one of its wilder days.

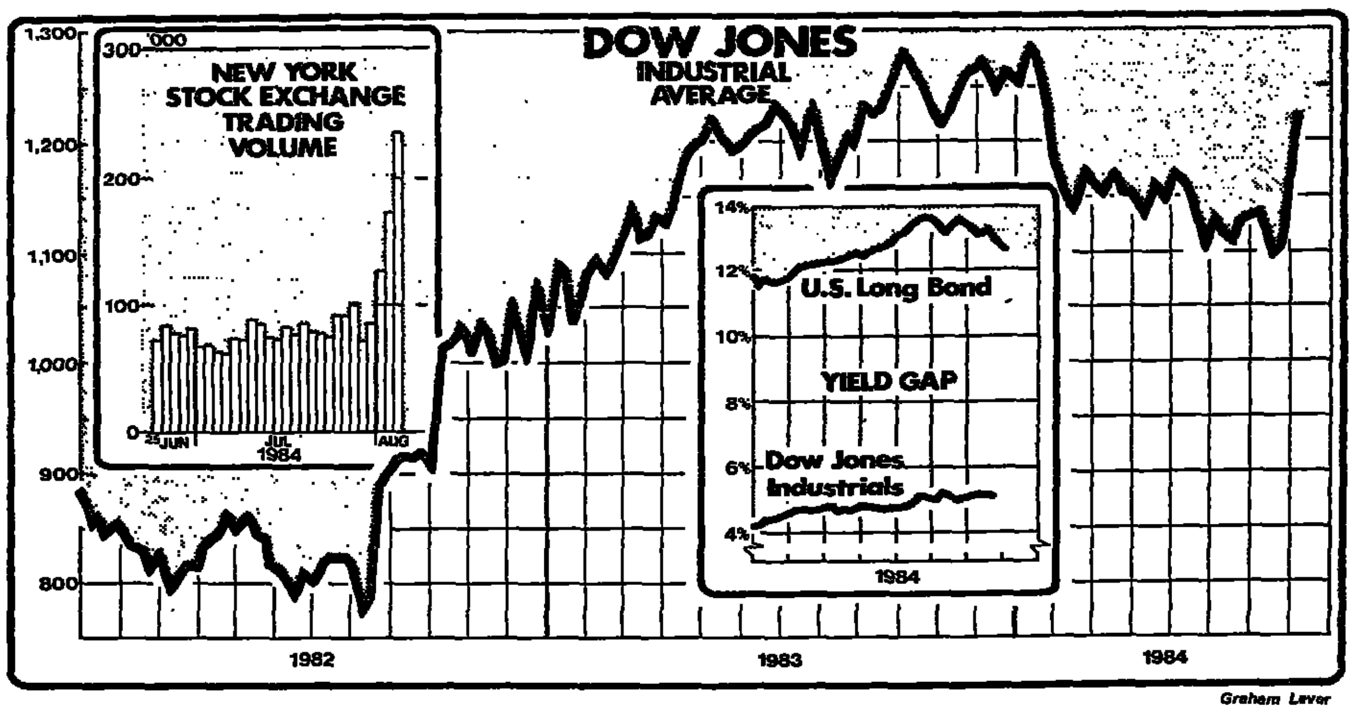
And wild it really proved to be. By the end of dealing, concluded with an exubsrant touch of Wall Street hoopiah when Mr John Phelan, chairman of the exchange, personally descended to ring the traditional closing bell. the 193-year-old trading floor had broken nearly every record in the book. "You had to be down in the pits to see what it was like," said one breathless, weary — and wealthier—dealer afterwards.

For the last few months, daily dealing volume on the NYSE has been around the 70m shares reached in the first hour. The record until this week stood at 160m, achieved back in January. On Thursday that target was shattered comprehensively as the frenetic dealing atmosphere pushed volume through the 170m mark—and on Friday, traders looked on in bewilderment as it went rocketing on up to 236.6m shares. "To say that we shattered the old record is just an understatement," one of them remarked.

The Dow Jones Industrial Average, the most widely-followed index of 30 blue chip stocks, had also jumped by the highest daily amount since November 1982 — 36 points against the previous 36.43. In addition, the 87.52 point net rise on the week, including a 4 point fall on Monday, had exceeded the previous record weekly increase back at the beginning of the Reagan bull market by about 6 points.

Like most changes of direction in the equity market, it happened abruptly. Since mid-March the DJIA has meandered fairly aimlessly, mainly trading up and down between 1,110 and 1,150. The index peaked at 1,287 last November, then held on into January, when the 160m share trading day almost pushed it back over the top. It bottomed at 1,086.57 only two weeks ago, when many analysts were expecting it to plunge still further.

Significantly, that low point was touched on July 24, the day before Mr Paul Volcker, the courtly, cigar-smoking chairman of the Federal Reserve Board, ambled in to the Senate Banking Committee meeting in Washington to give his six-month report on monetary policy. As always, there were no fireworks in Mr Volcker's delivery. But Wall Street found plenty of explosives in the contents. Analysts homed in particularly on two points — his statement that the Fed had decided not to tighten monetary policy at its last meeting; and his cautious assessment that growth was slackening and inflation remaining subdued — points which then received some timely endorsement in a favourable set of economic statistics early last week.



Graham Lever

It was Mr Volcker who, back in 1982, picked the capital markets unp by the scruff of their necks and pushed them off on their last rally by relaxing his grip on monetary policy. It was also Mr Volcker who did just the opposite a few years earlier by slamming on the monetary brakes and pushing the Carter Administration into a period of towering interest rates, gathering recession and electoral defeat. "My view," quipped one analyst, "is that Mr Volcker did not want to go down in history as the man who lost the election for two incumbent Presidents."

That may have been a joke but it does now look as though Mr Volcker has at least provided the framework for a summer rally, if nothing more. Before he spoke, the equity market was finding it difficult to shift a mood of prevailing gloom over the galloping pace of the economy.

These pre-occupations surfaced in the first quarter of this year. Many economists had been predicting the economy might be heading back downhill. Instead, by early March, it was clear that the expansion was still roaring ahead.

As the Government steadily revised its figures upwards, something near panic hit the bond markets back in May. Wall Street had been quite happy with real expansion of well over 3.3 per cent in the first year of recovery; in the second, as GNP jumped to an annual rate of 10.1 per cent in the first quarter and was revised up to 7.5 per cent in the next, analysts could see only a pattern of rising interest rates. By the end of May the bellwether 30-year Treasury long bond was yielding 13.94—up by two percentage points since the beginning of the year—reflecting both a tidal wave of credit demands and fears of a resurgence of inflation out in the second half of this year.

The gathering gloom in the debt markets was not helped by warnings from Mr Volcker in February over the danger of the big budget deficits. His view that the borrowing pressures caused by the Government's funding needs would force up rates found a ready ear in the markets; and it was amplified by dire warnings from Mr Henry Kaufman, the influential economic analyst from the Salomon Brothers investment bank, who forecast long term rates of 15 per cent by the end of the year.

At a time of such subdued inflation, it is virtually unprecedented for interest rates to be so high

It was mainly this pressure from interest rates which tripped up the stock market. In terms of the underlying performance of corporate America, equities havehad virtually nothing but good news this year. Profits have leapt ahead, rising by well over 30 per cent in the first half compared with a year ago, and they should easily top 20 per cent for the year. Dividends, though not rising so much, have also advanced appreciably. But none of this has been enough to keep pace with the hike in short and long term rates, and even with the fall in the stock market, the yield gap between bonds and equities has been steadily widening in favour of bonds all summer.

About six weeks ago, however, the bond market seemed to check, reconsider, and start to stage a modest rally. Yields came off the top as the Government long bond slid to around 13.15 per cent by the time Mr Volcker sat down in front of the Senate committee. The reason for this change, it is generally argued, was a reappraisal of the outlook for inflation. Investors were beginning to take a less pessimistic view of the prospects, and were demanding a lower premium to part with their money long-term.

It was this view about inflation that was to some extent endorsed by Mr Volcker, though not in any detailed manner. Wall Street economists are currently extremely divided on the inflation issue, but there is no doubt that in the past month or so it has become one of the main policy discussion points.

Many had expected earlier in the year to see some signs of a strong surge in inflation already: several industries are working at, or well above, what is normally regarded as the capacity level where labour and material bottlenecks begin to put upward pressure on prices.

Other economists contend that inflation, which was running in the first half of the year at a 4.1 per cent annual rate, could not reasonably have been expected to revive until later into the recovery cycle. Much of the present flatness in prices, they argue, is due to the strength of the dollar, either because it reduces the prices of commodities, or because it encourages imports and keeps domestic manufacturers in the firing line.

But in the meantime, it has come as a surprise to see some prices, such as aluminium and steel ,softening of even declining at a period of such rapid expansion. Nor is there any sign of a wages explosion so far, despite unemployment rates of only about 5 per cent in some parts of the country.

At a time of such subdued inflation, it is virtually unprecedented for interest rates to be so high. The real rate or return on long-term money, after adjusting for inflation, had risen to almost 10 per cent by the middle of this year.

The explanations for this phenomenon are varied, ranging from the need to attract savings to fund the Government deficit, to the U.S. tolerance of high nominal rates because of tax concession on interest payments. But it puts the stock market in an odd position historically. Normally, at this stage in the cycle, with inflation so low, investors would be willing to pay high multiples of earnings for stocks because they would not expect to see their value eroded very rapidly by the inflationary process.

This time round, as Mr Michael Metz, research director at the Oppenheimer securities house puts it, the competition from high real yields has simply put a lid on the stock market. Consequently, the price-earnings ratio on the broad-based Standard and Poor's 500 index stands at only around 9 (even after last week's buying frenzy), based on consensus Wall Street profits forecasts for this year; yet in previous periods of low inflation it would have been up at 15 or even more.

Mr Metz is one of the bullish school of forecasters who believe that the easing of long term rates in the last few weeks, combined with Mr Volcker's comments, last week's favourable economic statistics, and the high liquidity of investors, could all push the Dow up to a new high of around 1300 during the course of this year. He points to the reduction of equity stock due to the wave of buy-outs and takeovers this year, and the cash this has put in the hands of investors, as powerful engines for the market over the next few months.

But like manyo thers, he does not see the Dow breaking out into a big new bull phase until the entire interest rate structure is ratchetted down—and very few market technicians believe that will be possible until the Presidential election is over and tough decisions made on tax and the deficit.

As it is, the election seems to be having a relatively neutral effect on the market at present. Two months ago the conventional wisdom was that a strong showing in the polls by Mr Walter Mondale, the Democratic Presidential candidate, would be bad for Wall St and the dollar. Yet the current rally is taking place despite a better poll performance by the Mondale-Ferraro team and diminishing certainty about a Reagan victory.

For the time being, at least, the key to Wall St's performance seems to be in the credit market rather than politics — and dealers see no clear way ahead to a generalised decline in rates at present. Although long term yields have moved down markedly, short term rates have showed no inclination to follow the same trend. Indeed, in recent weeks they have been moving upwards, and even gained slightly last week, with the Fed appearing determined to hold the key Federal Funds rate at over 11 per cent. Private credit demands remain high, and alongside that, the Federal Government's appetite for funds is showing few signs of being sated.

At the same time, Mr Volcker, like the skilful central banker he is, appears to have deliberately left the door open to tighten monetary policy if he thinks it necessary. He has made it clear that he remains wary about inflation, and equally cautious about the troubles the dollar might run into if the Fed started to loosen the monetary reins.

In this context, the credit markets face a big test this week, when the Treasury begins $16.75bn worth of auctions. If this goes well, it can only be good news for the equity market.

Men and Matters

Just Goodfriend's

The power struggle which appeared to be taking place between David Tendler, chief executive of Phibro, the world's largest publicly owned commodity trader and John Gutfreund, the former managing partner of Salomon Brothers, finally seems to have come to a head.

It was no secret that when Phibro acquired Salomon Brothers, the blue chip Wall Street investment bank in 1981 for over $500m there was no love lost bewteen the executives and a clash was widely predicted.

So yesterday's announcement that John Gutfreund, 55, and pronounced Goodfriend, was to take over as sole chief executive looks like the culmination of one of Wall Street's most fascinating power plays.

Clearly Phibro has lost the upper hand.

Forf the first two years after the merger David Tendler, 46, was chief executive and shared the post of co-chairman with Gutfreund. Last September Gutfreund was promoted to co-chief executive and a new corporate holding company was set up with a separate headquarters.

Phibro-Salomon said the new structure would "preserve the basic operating autonomy that is essential to the success of both Philipp Brothers and Salomon Brothers."

Tendler's position has been weakened by the poor profitability of Philipp Brothers since the merger. Over the last year there had been reports of tension in the Salomon Brothers corner. Salomon had been making the bulk of the profits while appearing to occupy a junior position in the post merger corporate management.

Last year Salomon made pretax profits of $415m compared with Philipp Brothers $260m.

Earlier this year, Tendler attempted to spin off the group's non-oil commodity trading business, the original Philipp Brothers operations. The reasons for the failure of Tendler's plan are not clear but there have been suggestions that without the group's oil trading activity he could not attract sufficient financing.

Tendler will continue to serve as co-chairman and will be sole chairman of the group's executive committee. He will also be chairman and chief executive of Philipp Brothers where he will concentrate his time.

Gutfreund was saying little yesterday about the sorts of changes he has in mind for the group which has operated as two distinct entities with separate headquarters and even separate public relations consultants.

"Does the dollar rise every time the Americans win another gold medal?"

Sky eye

Growing potatoes is not the simple, down-to-earth occupation I had always imagined it to be.

Right now, the Potato Marketing Board—one of Britain's oldest marketing organisations—is engaged in an aerial survey of the country's potato fields. Chartered aircraft, using high-powered cameras, are taking photographs of just about every farmer's patch of Maris Piper.

The results are plotted on maps—and the board can then identify any unlicensed commercial crops or any licensed grower exceeding his quota of the target area it sets each year.

The board's disciplinary committee, which is empowered to impose heavy fines on illegal growers, last year dealt with 133 cases of alleged false statements of area planted.

It still sends out "chaps with little measuring wheels" to check the size of some potato fields but over the last 10 years it has relied increasingly on aerial surveys.

Though some farmers complain about the "eye in the sky," the board says the majorty is only too hapy to ensure that the industry is guarded against disruption and maintains the orderly progress which since 1955 has seen a reduction in the number of growers from nearly 87,000 to less than 27,000, a reduction in planted area from 306,000 hectares to 183,000, but a virtually unchanged yield of 5.5m tonnes.

The board is coy about the cost of its aerial photography but says it would hardly compare with the cost of getting rid of continual surpluses of spuds.

Line of action

"Convergent technologies" is a phrase we are going to hear a lot about; especially if Sir Kenneth Corfield has anything to do with it.

As chairman of Standard Telephones and Cables, he is using the slogan to highlight his take-over campaign for computer-maker ICL.

STC says it was making a film entitled "Convergence" before its surprise bid for ICL was launched last month. But, as it happens, the film will be out in time for today's ICL board meeting.

The film, hardly surprisingly, traces the development of telephone equipment and of computers, and attempts to show that the application of the technology of computers to telephones, or perhaps vice versa, makes each less cumbersome—and, to coin a word, convergent.

One day, the film says, we will all have a computer. We will want to use it for the same purpose as the phone—talking to each other, sorting out problems, and so on.

Just to five the film's point an extra kick, Sir Kenneth said after a showing that computers will soon be able to receive voice commands. This is an area of technology where STC and ICL could obviously co-operate and benefit.

ICL is not mentioned in the film, but no doubt STC is hoping the computer company will take a little time out to view the opus before the board meeting.

Inn-siders

No beery confessions, no whiskied whisperings from ICI's group credit centre in Northwich, Cheshire.

Successfully arguing that an in-house pu bwould reduce the possibility of careless talk in local public bars, ICI has won a drinks licence for its Northwich outpost.

Cheshire solicitor Jane Brazier, appearing for the company before Northwich licensing magistrates, also suggested that an in-house pub would enable management to keep an eye on how much liquor was consumed by staff.

A sober but sheepish ICI press officer stressed later that Brazier was only speaking hypothetically and had not been suggesting that "there was careless talk by any of our staff at this particular department."

But watch out for those blabber-mouths at Billingham?

Observer

Letters to the Editor

Beautifully circular and valid

From Mr A. Mills.

Sir,—I write to congratulate Michael Prowse on his article on inflation accounting (August 3).

I believe that many practising accountants are fed up with the erosion of credibility created by the incomprehensible twists and turns of current cost accounting, even in its latest note form. A simple re-valuation of shareholders' funds, using the retail price index, with hopefully the charge being an allowable deduction for tax purposes, and periodic re-valuations of fixed assets, primarily property, are all that are needed, in a very practical sense, to deal with the distortion of historic cost accounts by inflation.

The result of a re-valuation of shareholders' funds if allowed as a tax deduction, which it should be since it is unfair to have a tax on inflation, would be a most powerful device to deter Governments from allowing inflation to go up: in fact, they would have a very definite incentive to keep inflation down and as a result current cost accounts would be irrelevant anyway.

The argument is most beautifully circular and valid.

A. W. M. Mills,
The Tile House,
Deepdene Wood,
Dorking Surrey.

Johnny-heads-in-air in water

From Mr R. Morton

Sir,—Your timely leading article (August 3) makes important points about investment in renewal of water mains to eliminate leakage (commonly put at 25 per cent of all water used) and mini-grid systems for transferring water between regions. A further crucial question is why these problems, which have been known for so long, are not being tackled.

To this outside observer, there is a strong suspicion that the reason lies in the domination of water planning by engineers. Being human, they are naturally drawn to the large, dramatic and professionally challenging schemes like building reservoirs, but find mean economies in the use and distribution of water by contrast uninteresting, even boring. The apparent lack of effective general management in the water authorities, which have lately been taken even further away from democratic control by those who pay water rates, is not encouraging to reform.

These problems have been illustrated with a certain irony in the recent collapse of the dam at Carsington reservoir in Derbyshire, a ludicrously expensive pumped storage scheme. It need never have been built had the Severn-Trent Water Authority been prepared to buy surplus water available from the Anglian Water Authority's Rutland Water, involving only a 15-mile pipeline to take it to Leicester, and had put their hearts into the development of water resources available by digging wells in the Nottinghamshire sandstone, another scheme which is uninteresting from an engineering point of view. Now, at Carsington, engineering on the grand scale has failed and the completion of the scheme, if it proves to be possible or desirable, will have cost at least three times the original estimate as well as, to date, four lives.

If ever there was a time for a full-scale inquiry into the water industry, this is it.

Roger Morton.
Rose Cottage,
Kirk, Ireton, Derby.

Develop regional air services

From the Managing Director, Air UK, and the Chairman and Managing Director, British Midland Airways

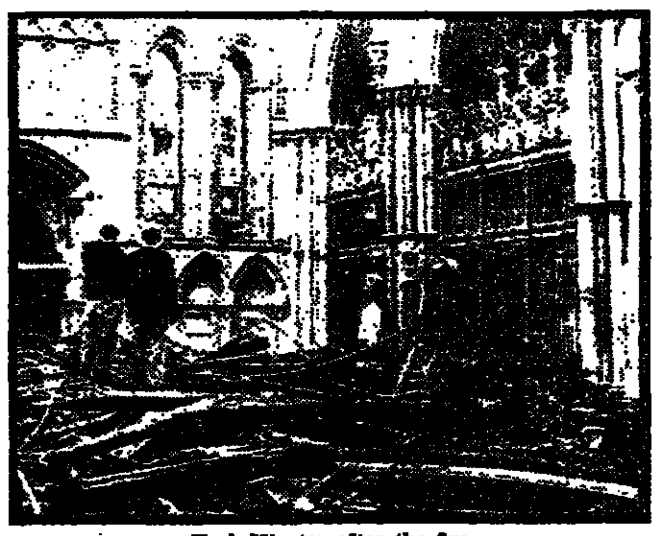
Sir,—The chief executive of Manchester International Airport states (August 2) that "only by maintaining a strong base network at Manchester will British Airways find the network synergy to develop international services."

The fact is that so far as British carriers are concerned BA has had a monopoly of the international services out of Manchester since the war. Despite this advantage, BA has been slow to develop such services, and in a submission to the Civil Aviation Authority early this year Manchester International Airport Authority stated that "The operating pattern of BA has led to increased concentration on its London hub." In the same document the MIAA points out that since 1978 the number of destinations served by BA from Manchester has dropped from 17 to 10, while the number of foreign airlines has gone up from 11 to 17 over the same period.

The reason for this is that it is in BA's interest to route regional passengers via its domestic services on to its international services from London and not to develop direct regional services "beyond the maximum necessary to keep competition out and to minimise vulnerability to substitution" to quote the CAA's phrase.

The way to develop regional services most rapidly is to transfer responsibility for them from BA to other airlines who do not have the same conflict of interest, as the CAA has proposed.

Stephen Hanscombe,
Michael Bishop.
c/o, Berkeley House,
High Street, Redhill, Surrey.



York Minster after the fire

Competition in the professions

From Mr A Wilson.

Sir,—Sue Cameron's article, "Competition barriers begin to crumble" (July 31), provides an accurate overview of the situation within the professions. It does not, however, emphasise the enormous confusion which now exists concerning both what can and cannot be done. The new liberalisation is at best a grudging nod towards relaxation of the constraints which have been applied in the past. There is little doubt that the new guidelines on what is permissible will generate more confusion than utilisation.

One of the great problems is that the professions, like manufacturing industry before them, do not understand the difference between marketing (or to give it is cosmetic appellation "practice development") and advertising, PR and promotion. All are used indiscriminately and interchangeably. A great deal of money will be wasted until the distinction is made clear. There is little evidence to show that media advertising is the best way of spending very limited budgets but there is ample reason to believe that there are other marketing tools which will be not only more cost-effective but will avoid the "culture clash" between self-perception of the professions and the commercialism they claim to abhor.

There was an American survey in 1980 which purported to show that for each dollar spent on advertising by lawyers some $7.93 in fees was generated. Advertising and market research experts would query both the claims and the techniques which managed to separate out the effect of media advertising from other activities.

Before too many people project from the American experience into the UK environment, however, it must be remembered that the American legal system encourages litigation. Lawyers can operate on a contingency pay system whereby the litigant pays nothing if he loses and only receives part of the damages if he wins. Thus much advertising encourages clients to litigate on matters that they might well not consider, or certainly would not consider, if faced with the risks of considerable costs.

Aubrey Wilson.
Pemberton House,
East Harding Street, EC4

Conserving the heritage

From Mr A. Dean

Sir,—Roy Strong's unkind remarks (July 26) about the efforts of Manchester's Art Gallery to raise the money to retain Duccio's Crucifixion in Britain should not go unchallenged.

Really, what relevance has the cost of repairing the roof of the transept of York Minster to the cost of the Crucifixion?

Since there are problems about the maintenance of buildings housing our works of art perhaps he should be putting more effort into raising money to correct these deficiencies. This should preferably not be at the expense of those who are putting their backs into saving works of art for the nation.

A. J. Dean.
15, Mereheath Park,
Knutsford, Cheshire.

Banking at the sharp end

From Mr S. Jary

Sir,—I was intrigued by R. J. Pearce's letter (August 2) "Not banking, just pawnbroking." The impression is given that lending bankers have only recently become aware of the importance of professional cash flow forecasts, and profit projections in order that the true viability of a proposition might be assessed.

Now approaching retirement after some 40-odd years in banking, quite often at the "sharp end." I hasten to put the matter into perspective and reassure your readers.

I accept that the philosophy outlined by Mr Pearce possibly had its roots in a recession, but if so, it was more likely to have been one in the early 19th century than in the 20th. The provision of security is an important and often necessary "long stop," but I well recall having been drilled in the balmy days of youth to understand that this was invariably the last consideration in an assessment. Management competence and reliability rank high in the order of things in corporate lending and, overriding all else is the question of whether the principals have both the ability and the will to honour their obligations. How else can one judge? The terms "cash flow forecasts" and "profit projections" are themselves of recent origin, but I promise there is nothing at all new in the concept, certainly not to any banker of repute.

S. A. Jary.
5-10, Great Tower Street, EC3.

Death of a great tradition

From the Deputy President, Workers' Educational Association

Sir,—The article by Kenneth Lawson and Michael Stephens (August 1) on "The slow death of a 'great tradition'" (in UK adult education) speaks with feeling of the materialistic values and blinkered approach of the Government to the funding of the liberal adult education provided by "responsible bodies" (mainly the extra-mural departments of universities and districts of the Workers' Educational Association). As an active partner over many years with the universities in the propagation of "the great tradition," the WEA shares their concern. It, too, is being subjected to cuts in grant-aid and to less direct forms of constraint which threaten the freedom of action essential to a democratic voluntary organisation.

Yet the WEA is far from contemplating its own death, occasional reports of which have, in the past, proved to be greatly exaggerated. It is its firm purpose to fight on for the survival of a mode of education which concentrates upon the "great issues of life," which welcomes all adults whose sole qualifications are willingness to learn and ability to stay the course, and which provides a common territory where people of every shade of opinion may meet and give a hearing to all views sincerely held and seriously argued instead of hiving off into groups of the like-minded to re-arrange their prejudices.

As for "poor Harold Wiltshire," who first spoke of the great tradition, I am glad to report that, as an elected vice-president of the WEA, he is actively engaged on its national committee in carrying on the fight.

I recognise in Dr Lawson and Professor Stephens two staunch allies of the WEA and of the great tradition whose views I greatly respect, but I find the tone of their article and of its title altogether too elegiac to be acceptable to their partners in that tradition.

Elizabeth Monkhouse.
9, Upper Berkeley Street, W1.

Strikes in the public sector

From the Employment Research Executive, Institute of Directors

Sir,—I was surprised to read Philip Bassett's comment in his article "State sector strike claim refuted" (July 26) that "The Institute of Directors and similar bodies have used their claims that virtually all disruptive strike action occurs in the state sector to support calls for banning strikes in the public sector, particularly in essential services."

This is not and never has been the institute's position. We do of course take the view, as do all business organisations, that strikes, in whichever sector of industry they occur, are almost always damaging and are often unnecessary. The argument however over disputes in the essential services does not rest on their frequency but on the severity of the consequences. Disruption to services for which there is rarely an alternative source of supply has and immediate and incalculably damaging effect from which the public rightly feel they deserve some protection. As you know the Government is committed to consulting on this problem and we await its proposals.

On a more general level we certainly want to see a framework for industrial relations in Britain which will reduce the need or the incentive to resort to disruptive action. This is clearly a view which is also held by a growing number of trade unions as a number of recent "no strike" agreements shows.

The Department of Employment's figures make a debate on the problems of strike action more important than ever. Industry might not have such a good opportunity again and we should make sure that the chance is not lost.

A. B. Currie.
116, Pall Mall,
SW1.

Decline in running the buses

From Mr S. Read

Sir,—Prof M. Beesley (July 20) claims that the buses White Paper "attacks a serious problem of economic decline realistically."

Real costs per vehicle kilometre have risen in urban areas especially London, subsidies have also risen fastest in those same areas, thus "... there is reason to believe that higher subsidies do lead to higher costs." This is an astounding conclusion, surely higher costs result from increasing traffic congestion.

Public operators costs are above those of private operators, while these cannot be compared as one operates mostly express services, tours, excursions and private hire and the other operates mostly timetabled services in urban areas, it is possible to compare costs within the public sector. National Bus companies costs average 66 per cent of Passenger Transport Executives costs. One explanation advanced is scheduling efficiency (working time as per cent of paid time for crews) yet unfortunately the Monopolies and Mergers Commission discovered that West Midlands PTE was more efficient than the two NB subsidiaries examined. If scheduling efficiency does not explain the difference perhaps the differing costs of traffic congestion afford an explanation, this is not considered.

The trial areas: Norfolk, Hereford and Devon, bear no relation to the problems of rising costs in urban areas. The level of revenue support in the shire counties is only £80m compared to £425m in London and the metropolitan counties in 1982-83. Even if the results from these areas were conclusive the White Paper concludes "... Deregulation has not been sufficient to halt the overall decline in rural bus services ..."

As Prof Beesley states, "The problem starts with the fact that the "tax" system (cross-subsidisation) has failed to maintain adequate bus services." If the maintenance of adequate bus services is the problem, why does the White Paper advocate the cutting of bus services? In the case of Southampton City services before "adjustment" passenger demand declined by 18 per cent in 11 years, after adjustment a further 7 per cent of passenger demand was lost in one year. The most significant effect of the Hereford trial area was that it enabled "... Midland Red (West)'s management to negotiate a local improvement in productivity of 25-30 per cent."

If the White Paper is really concerned with free market forces then the first target should surely be the £1.6bn subsidy to company cars. Even the Institute of Economic Affairs believes that car drivers should pay for the costs of congestion they cause. This White Paper is not remotely concerned with maintaining bus services or the operation of a free market, it is the latest in a long line of attacks on bus workers and users. I am surprised that Professor Beesley should want to defend it in any way.

Simon Read,
Management Centre,
University of Aston,
Gosta Green,
Birmingham.

Jobs in Britain

A work cocktail that everyone can taste

By Robin Pauley

A MINORITY of the British population works, and a declining minority at that. Official figures show that a record number of people are now unemployed and there is little prospect of much change in the years ahead. But although the 3m unemployed are one of the smaller groups in the vast non-working population—there are many more schoolchildren, pensioners and non-working spouses—they represent a social tragedy. Most want to work and their inability to find a job leads to loss of self-esteem, social and family tensions and a barely adequate economic existence.

Many have argued, this Government included, that the shake-out of labour which has caused 13 out of every 100 members of the workforce to sit on the sidelines was necessary before British industry could be restructured to generate economic prosperity in which new jobs would be created.

A world-wide shake-out, accelerated by global recession, has led the International Labour Organisation to estimate that 1bn new jobs would be needed between now and 2000 to provide full employment.

Yet there is nothing new about this problem. Charles Handy, visiting professor at the London Business School, pointed out in a recent book* that:

- Britain has created jobs before — between 1932 and 1937 it increased the number of jobs by 2.25m and reduced unemployment by 1.25m.
- The UK has lived with a growing labour force before. Between 1860 and 1960 the labour force nearly doubled and so did employment.
- The country has survived structural change before — agricultural jobs fell from 25 per cent of the labour force to under 3 per cent in the same 100 years but all were absorbed into new industries and more occupations.
- It has seen technological change before — between 1860 and 1960 the capital employed per worker doubled but output trebled. Automobiles replaced horses and society adjusted.

Society will again adapt. The difference this time could be that technological advances are qualitatively such that newer jobs might be more difficult to create in large quantities except in the low wage and service sectors. Moreover, a substantial long-term core of unemployment might remain over what could be a lengthy transition period. So the adaptation will probably have to involve both new approaches to work and, as people's material and leisure expectations are rising, to the ways in which people receive money.

Hugh Routledge

Seeking work in a Job Centre

One answer to the money problem might involve rearranging the structures of income, taxation and benefits — perhaps through negative income tax, perhaps through a national income or basic income scheme. The Government, institutions and academics are all paying at least some attention to this.

What is not on the British agenda is future attitudes to work itself. However, in West Germany a debate has been fired by the recent industrial strikes. These were not, *per se*, for more money but for fewer working hours — that is for more money in kind (leisure time) rather than cash.

Broadly, in Britain the work pattern has been built round a 100,000-hour working life — around 47 hours a week for just over 47 weeks a year for 47 years. The growing incidence of a 35-hour week and longer holidays is reducing the working life to 75,000 hours.

The trouble is that the inevitable move during the rest of the century to 50,000 hours — 32 hours a week for 45 weeks for 35 years — will not, of itself, create any more jobs. But if most people under 20 and over 60 were not seeking job work, the dole queues would be 1m people shorter.

Professor James Meade, in the last T. H. Marshall memorial lecture, tried to deal with the competing problems of new technology and inadequate income, saying: "Surely there must be a better way of organising our institutions so that new technologies which could enable everyone to have a higher standard of living than before will not threaten to lead to disastrous situations? My answer would be to attempt to devise wage-setting institutions which would allow the real wage rate to fall to the extent necessary to provide employment opportunities to all who sought them but to combine this with fiscal and other institutions which ensured that, directly or indirectly, everyone enjoyed a fair share of the profits earned on the robots, computers and tapes and indeed on property in general.

"In these circumstances the setting of the real wage at a level low enough to provide employment opportunities to all who sought them does not, of course, imply that employment will be on as big a scale after the technological improvements as it was before them. The technological improvements will have greatly increased real income per head and the fiscal arrangements will have ensured that this is enjoyed by all workers. History demonstrates that as income per head grows, people take out a large part of their increased standards in the form of increased leisure-shorter hours, later entry into and earlier retirement from the labour market, longer holidays and so on. There will be less seeking work, and the wage rate will have to be kept down only to the level needed to satisfy this reduced demand for work opportunities."

This changing relationship between work and "free time" has led Mr Handy to put forward a radical corollary: while some will always work all the hours they can and be fully satisfied with this, others could end up with a work "cocktail" or portfolio — a mixture of "job work," "marginal work" and "gift work", the balance changing as we go through life. The job, from say mid 20s to end 40s, should provide enough money to enable basic provision to be made throughout our lives. Marginal work, that is work done for extra earnings, might have a greater importance towards the end of the work-life.

Gift work — which includes not only the jobs we do for ourselves, such as gardening, shopping and mending, but also all voluntary work outside the home — produces no income but might give status in the community or friendship. Job work can sometimes produce money without any sense of belonging. The key would be to imbue all the different sorts of work with status and respect, enabling many more people to be doing something which they and their neighbours regarded as worthwhile.

This would erode the present divisions between the lucky and largely prospering group in work and the unlucky, frustrated and often impoverished group out of work.

The catch is that this requires a dramatic change in society's attitudes towards work and how it is rewarded. But unless there is such a shift, the unemployment problem seems certain to worsen, as Britain moves from a manufacturing to a knowledge based economy, making it increasingly difficult for today's industrially skilled middle ranks to find jobs.

What seems to be needed now is a calm debate not only about the future of work but also about the sort of life which awaits both in and out of employment. Thus far, discussion has centred on the financial resources likely to be available for society, but not on the way in which the lives dependent on the money might in future be more advantageously lived.

The Future of Work by Charles Handy. Blackwell, £16.50.

FINANCIAL TIMES

Tuesday August 7 1984

COMMISSION SEEKS 20 PER CENT REDUCTION IN EEC OUTPUT

Ferromanganese cuts sought

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Commission has called on Community producers of high carbon ferromanganese to submit detailed plans by the end of September for cutting total EEC capacity by 20 per cent.

The move follows a ruling by the Commission's competition directorate earlier this year outlawing an informal agreement between eight Community companies, along with several outside the EEC, which breached competition rules.

Demand for ferromanganese, an alloying element used in steel production, has been steadily declining due to the worldwide reduction in steelmaking and improved steel production techniques.

According to the Commission, Community capacity is geared to 1.3m tonnes a year while demand is not expected to exceed 700,000 tonnes for the foreseeable future.

Imports from Norway, South Africa and Portugal account for 25 per cent of the total Community market, which is valued at about $25m (£19.2m) a year.

The Commission demand for a 20 per cent capacity cut came in a letter to the producer companies at the end of last month. This warned that the market must be regulated by the Commission and called for a stringent restructuring programme.

The letter went on to propose that the new cuts, if approved, would be introduced from October 1 and reviewed at the end of the year.

If the arrangements proved satisfactory, they could continue until the end of 1985 – the scheduled conclusion of the main steel industry restructuring programme.

Industry observers said last night that restructuring the ferromanganese sector might be achieved without closures, as existing plants could be adapted to other uses. However, it is possible that some shutdowns and redundancies would be necessary.

The eight Community companies involved are Thyssen and Peine-Salzgitter of West Germany, Italghisa and Elit of Italy, Société Paris et Outreau and Société Nouvelle de Pompey of France, the British Steel Corporation and Belgische Vernootschap Mangaanproduktie of Belgium.

● EEC anti-dumping investigators are to examine allegations of underpricing of Spanish sheet polystyrene in the Community market, it was announced yesterday.

The inquiry follows complaints from EEC producers that the price of the product on the domestic Spanish market suggests that sales to the Community are set at cost or below.

They say that Spanish exports to the EEC have doubled each year since 1980 totalling 4,500 tonnes, or 8.5 per cent of total EEC sales at the end of last year.

Hardest hit is the French market where Spanish sheet polystyrene, principally used for making containers for the food industry, has taken 13 per cent of total sales, *reducing production and profits.*

European steelmakers have agreed on how they will share steel output quotas set by the EEC until the end of 1985, a West German steel association spokesman said, Reuter reports from Brussels. Sales chiefs of members of Eurofer, the European steelmakers' group, initialled the "Eurofer Four" agreement in Paris last Thursday, but it has still to be ratified.

Jaguar to hold ballot for shares

By Alison Hogan in London

JAGUAR, the luxury car maker being sold by BL, Britain's state-owned vehicles group, is to hold a ballot for applications of up to 1,000 shares, after being inundated with requests for small amounts of stock.

The weight of applications has already led to a 24-hour delay in dealings in the shares which will now begin on Friday on the London Stock Exchange. Strong European and U.S. buying is expected.

"The company allotted as many shares as possible to the small investor, *but a ballot was unavoidable,"* said Mr Robert Dutton, of Hill Samuel, advisers to Jaguar.

An investor who applied for up to 400 shares has a one-in-eight chance of being allotted 100 shares in the ballot. Those in the 900 to 1,000 band have a one-in-two chance of being allotted 250 shares.

Investors who applied for between 1,100 and 1,900 shares will receive 250 shares, after which the bands rise in 1,000s, scaled down to 10 per cent, rising at the top end to 12 per cent of applications for 1m *shares or more.*

When the offer for sale of 177m shares at 165p closed at 10am on Friday, Barclays Bank new issues department had received 320,000 *valid applications, worth more than* £244m ($324m) of which 240,000 applications were for up to 1,000 shares.

Letters of acceptance will be sent on Thursday to about 40,000 successful applicants in the ballot, out of the total of more than 240,000.

BL shareholders and employees of Jaguar and BL, who together applied for 20m shares, have had their preferential applications satisfied in full.

Brokers and jobbers (market makers) are beginning to mark down the more optimistic forecasts of the premium the shares are expected to fetch when dealings begin.

Those who have applied for shares planning to take a quick profit, have talked optimistically of a 40p premium over the offer for sale price of 165p. Jobbers are looking *for a price of around 190p.*

UK institutions which wish to top up allotments already received are expected to wait to see if the price goes to a high premium of perhaps 200p.

Details, Page 15

JAGUAR SHARES

Applied for	Allocated
100–400	100*
500–900	200*
1,000	250*
1,100–1,900	250
2,000–3,000	300
3500–4,000	400
to 30,000	10%†
30,000–500,000	10%
550,000–950,000	11%
more than 1m	12%

* *By ballot*
† *After rounding up application to next thousand*

Bonn row looms over delivery of MBB helicopters to Iraq

BY RUPERT CORNWELL IN BONN

THE SALE to Iraq of militarily equipped West German helicopters, manufactured under licence in Spain, is causing renewed embarrassment for the Bonn Government over its dealings with participants in the Gulf war.

Messerschmitt - Bölkow - Blohm (MBB), the leading West German aerospace and defence concern confirmed yesterday that 24 of its Bö 105 helicopters – some equipped with Swiss-manufactured Oerlikon-Bührle guns – have been delivered to Baghdad.

The helicopters were manufactured by the Spanish Casa concern, in which MBB has an 11 per cent interest. The West German company insisted last night that Casa had the right, under the licence agreement, to produce the Bö 105 for export as well as for the domestic market.

A spokesman also declared that the helicopters involved were the civilian model of the Bö 105, and not the anti-tank version developed for the West German army. To the best of MBB's knowledge, Iraq intended to use them primarily for "liaison *purposes."*

The company furthermore categorically denied reports that some of the helicopters carried the HOT antitank rocket developed by the French company Euromissile, in which MBB has a 50 per cent interest.

Despite the emphasis by Herr Peter Boenisch, the Government spokesman, yesterday that it was up to Spain to determine where such equipment was sold, the issue raises delicate problems for the Bonn Government.

With Germany's highly restrictive arms export policy it is difficult to reconcile the sale of military equipment to areas of tension such as the Middle East.

Also, confirmation of the deal comes just a fortnight after a well-publicised visit to Tehran by Herr *Hans-Dietrich Genscher, Foreign* Minister, the first high-level visit by a West European minister since the Khomeini regime came to power in 1979. His talks with Iranian leaders appeared to underline the comparatively good state of relations between the countries.

Since then, however, reports have resurfaced that a West German pesticide plant supplied to Iraq has in fact been making poison gas for use in the Gulf war against Iranian soldiers. These have now been compounded by news of the MBB helicopter delivery to Iraq.

Greece to buy 40 Mirages

BY OUR ATHENS CORRESPONDENT

GREECE intends to buy 40 French-made Mirage 2000 interceptor aircraft as part of a $2bn purchase of up to 100 new jet fighters for its air force.

A Government announcement released yesterday said both a European and a U.S. fighter will be selected in what will be Greece's biggest-ever arms order.

Prime Minister Andreas Papandreou said last week that a decision on the two types of strike aircraft would be made from the Dassault-*Breguet Mirage, General Dynamics* F-16c and the Northrop McDonnell Douglas F-18A. He said the decision would be made by October 1.

The choice of both a French and U.S. aircraft is thought to reflect the Socialists' policy of reducing the country's traditional dependence on U.S. weaponry.

Defence experts in Athens believed the Mirage 2000 would match either U.S. aircraft as a fighter and emphasised its political advantages. Mirage spares or ammunition *would not be subject to a possible* arms embargo in the event of a Greek-Turkish crisis.

The Government said the deal would include the manufacture of spare parts and some sections of the aircraft at Hellenic Aerospace Industry.

If Greece buys only 80 aircraft, the purchase will be split equally between the Mirage and the U.S. aircraft. But if the government decides it can afford 100 fighters, they will be divided in a 60–40 ratio.

Financial consideration would favour 60 U.S. fighters to 40 French, since Greece could use a slice of its annual $500m in U.S. military credits to pay for a U.S. aircraft.

Credit problems *appear to have* influenced the Prime Minister's decision last week to drop the Tornado strike bomber, made by the British-West German-Italian Panavia consortium, from the short list of contenders.

Although the Greek air force favours the more advanced F-18, the F-16 is cheaper.

Court upholds UK union ban

BY RAYMOND HUGHES AND PETER RIDDELL IN LONDON

THE BRITISH Government yester*day won an appeal against* a High Court ruling that a ban on trade unions at a top secret radio listening post was unlawful.

Three appeal court judges in London *ruled unanimously* yesterday that the court could not interfere with the ban because it was imposed in the interests of national security.

They overruled a High Court decision last month that the ban was invalid because the Government failed to consult unions at the General Communications Headquarters (GCHQ) at Cheltenham, Gloucestershire. Yesterday's verdict, however, does not settle the issue.

The six Civil Service unions involved in the ban were given leave to appeal to the House of Lords – the ultimate process of appeal in the UK – and resolved to continue their fight.

Lord Jane said that ministers were the sole judges of what the national security required.

"There may well be areas where *the court may be entitled to inquire* into the exercise of the Royal Prerogative, but there are certainly other areas where such inquiries are not permitted.

"Such an area is any action taken under the Royal Prerogative which can truly be said to have been taken in the interests of national security to protect this country from its enemies or potential enemies. "This is such a case."

The Royal Prerogative is the traditional power of the sovereign to make rulings outside the scope of statute law. In modern times the use of what remains of that power has come to be exercised by the government.

The Cheltenham ban, announced on January 25, was imposed by Mrs Thatcher in her capacity as Civil Service Minister under Article 4 of the Civil Services Order in Council, 1982.

The Article empowers the minister to make regulations or give instructions relating to civil servants' *conditions of service.*

The reaction of the unions and Labour Party leaders was a mixture of dismay and outrage.

Mr Neil Kinnock said that when the courts *allowed* government alone to decide what national security was "they give government an unlimited licence which is open to abuse and which contradicts all the values of our democracy."

If necessary the case should go to the European Court of Human Rights, Mr Kinnock said.

Labour's shadow Civil Service Minister, Dr Oonagh McDonald, said the judgment failed to take account of the fact that the right to belong to a trade union was a basic human freedom.

The news is undoubtedly a major relief to Mrs Margaret Thatcher, Prime Minister, and fellow ministers since Tory MPs have been worried that the Government had previously been exposed to accusations of "breaking the law."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	-	—	—	Malaga	C	26	79	Salzburg	-	—	—
Algarve	S	29	84	Faro	S	29	84	Malta	S	32	90	Seoul	F	32	90
Algiers	F	28	82	Florence	F	31	88	Manila	C	30	86	Singapore	C	32	90
Amsterdam	S	17	63	Frankfurt	C	18	64	Miami	C	30	86	Stockholm	F	22	72
Athens	S	30	86	Funchal	S	22	72	Milan	F	28	82	Strasbourg	F	21	70
Bahrain	F	37	99	Geneva	S	22	72	Moscow	S	23	73	Sydney	R	18	64
Bangkok	C	32	90	Gibraltar	F	27	81	Munich	F	19	66	Taipei	C	34	93
Barcelona	F	26	79	Guernsey	F	16	61	Nairobi	F	24	75	Tangier	S	30	86
Beirut	S	29	84	Helsinki	S	25	77	Naples	F	28	82	Tehran	-	—	—
Belgrade	S	32	90	H Kong	C	29	84	New Delhi	C	34	94	Tel Aviv	F	29	84
Berlin	F	21	70	Innsbruck	-	—	—	New York	S	23	73	Tenerife	S	26	79
Biarritz	S	22	72	Inverness	C	15	59	Nice	S	25	77	Tokyo	C	29	84
Blackpool	C	15	59	Istanbul	F	28	82	Oporto	S	28	82	Toronto	C	29	84
Bordeaux	F	25	77	Jersey	S	17	63	Oslo	F	18	64	Tunis	S	30	86
Brussels	F	19	66	Jo'burg	S	16	61	Paris	F	28	88	Valencia	C	25	77
Budapest	F	29	84	Las Palmas	S	25	77	Prague	F	21	70	Venice	S	29	84
B Aires	-	-	—	Lima	-	—	—	Reykjavik	C	12	54	Vienna	F	22	72
Cairo	F	31	88	Lisbon	S	29	84	Rio de J'o	-	—	—	Warsaw	S	24	75
Cape Town	F	15	59	Locarno	F	26	79	Rome	F	29	84	Zurich	F	20	68
Caracas	-	-	—	London	S	20	68								
Casablanca	S	25	77	Los Angeles	C	19	66								
Copenhagen	S	19	66	Luxembourg	C	15	59								
Corfu	S	32	90	Madrid	S	26	79								
Dublin	F	18	64	Majorca	F	29	84								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Berlin–Moscow links

Continued from Page 1

fy and expand" co-operation with the Soviet Union and its allies. He said that would be a permanent "active contribution" by East Germany to strengthening the Communist alliance.

East European diplomats in East Berlin said the East German statement could be seen as an attempt to calm apparent Soviet fears that East Berlin was ready to increase its economic contacts with West Germany at the cost of the Soviet Union.

The East German news agency said the talks between the two economics officials were "open-minded and cordial" and ended in "fraternal agreement." *They are said to have* contributed to co-ordinating the economic plans to East Germany and the Soviet Union for the next five-year plan, beginning in 1986.

Hungary has praised East German policy towards West Germany by noting in the current issue of the political magazine Magyarorszag that East Berlin had *shown* in recent months that the small European countries should do everything to continue detente. It lauded Herr Erich Honecker, the East German leader, who was criticised by Pravda, for saying that the two German states shared a "community of responsibility."

Malaysia awards $297m urban rail contract

By Wong Sulong in Kuala Lumpur

A CONSORTIUM of French, Belgian and Malaysian companies has been awarded a 697m ringgits ($296.8m) contract for the first phase of a five-phase 2.35bn ringgits rail commuter system for Kuala Lumpur.

Datuk Shahrir Samad, Federal Territory Minister who disclosed that the Cabinet had given the approval for the contract, said the companies involved are Spie Batignolles of France, a Belgian group under Associated Belgian Consor*tium and Master Carriage of Malaysia.*

The rail system will cover 52.5km between Kuala Lumpur and its suburbs, and the first phase will run *for 18.6km between Sentul in Kuala* Lumpur and Petaling Jaya. It is to be ready by 1988.

Officials said the Belgian share of the first phase would be 30 per cent, the French company would take 25 per cent and the rest would be for Malaysian companies under Master Carriage supervision.

Datuk Shahrir said the Belgian and French governments had promised soft loans worth 50m ringgits, while part of the costs would also be met through the sale of land along *the route.*

In addition, the foreign companies have agreed to buy Malaysian goods, excluding rubber and palm oil, to the value of their contracts.

The rail project is based on a feasibility study by American consultants Wilbur Smith Associates of Columbia, made three years ago. It envisages the carriage of 20,000 commuters an hour to relieve traffic congestion to the year 2000.

● Malaysia hopes to export car parts and cars in the near future, following the commissioning of its 600m ringgits national car plant next year, Dr Mohammed Mahathir, the Prime Minister said.

Dr Mahathir, who inspected the *Malaysian car plant being con*structed on a former rubber estate outside Kuala Lumpur, said a British company, which he declined to name, had shown interest in buying 40,000 of the Malaysian cars.

Doors open for foreign investors, Page 3

Merrill Lynch agrees to buy Becker Paribas

Continued from Page 1

represents the first big foreign asset disposal by a French nationalised bank since the state takeovers in February 1982.

It ends a chequered pattern of Paribas involvement with Becker, *which among its other activities,* has been active in arranging U.S. commercial paper offerings for leading French borrowers.

Becker, which has suffered from the continued shakeout on the U.S. securities market over the past two years, made losses in the first half of 1982. Paribas officials maintain that it has since returned to profits.

Its management was changed last year when M Hervé Pinet, Paribas's director general, was brought in to head Becker's board.

Paribas accompanied the move earlier this year with a statement that it proposed increasing Becker's total capital resources share capital, reserves and long-term borrow*ings – to $300m from $220m. The to*tal cost to Paribas of its Becker involvement is not, however, known.

U.S. barriers to rise against textile imports

Continued from Page 1

na, although the biggest precentage rise in imports was from the developed countries of Europe and Japan.

The latest regulations affect origin marking. It is quite common in *the industry for a yarn to be spun in* country A, made into a fabric in country B and turned into a finished article of clothes in country C. It would then bear an origin label: *Made in country C.*

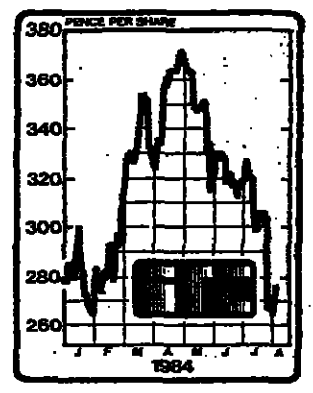
That third country might be one with a liberal quota of exports to the U.S. or other Western European countries. The U.S. now wants much more detailed documentation of origin to stop producers switching manufacture from country to country to take advantage of quotas.

According to Mr Michael Sze, Deputy Director of Trade for Hong Kong, the result will be to confuse producers, who will no longer be *sure if their goods will be allowed* into the U.S. even though they have been licensed properly in accordance with bilateral agreements.

THE LEX COLUMN

STC keeps the City on hold

The UK equity market was as flat as a mill-pond yesterday which, after all last week's excitement, was the best that the Jaguar stags could reasonably have hoped for. The size of the premium in first dealings remains entirely a matter of conjecture but, even if the share price roars away from the grid, the British Government can take comfort from the evidence that, if British Telecom is priced right, there should be no shortage of takers.



STC

There is nothing like a takeover to divert the audience's attention from the routine matter of semi-annual results, but although STC has timed its approaches on ICL at just the right moment for strategic considerations to lift the City of London's eye away from mere trading – STC's educational video expounding the imperatives of technological convergence was another distraction yesterday – the profit figures for the six months to June would in any event have stood up under normal scrutiny.

The total of £52.2m before tax is in line with most of the market's calculations, and STC's guarded optimism on current trading – played with the dead bat necessary to avoid making a formal profit forecast – suggests that £120m for the *year is within reach, whether or not* the bid for ICL goes through. This could be achieved, moreover, despite the still rising burden of spending on capital equipment and research, some 50 per cent heavier than in 1983.

Admittedly an 8 per cent growth rate in the telecommunications business looks a touch restrained, but the continuity of TXE4 sales at least implies a long and profitable obsolescence. In its other operations STC appears to be pushing ahead vigorously, especially in components and distribution, where it has been taking advantage of a tighter component market and of past exercises in cost-cutting.

The order intake of £800m in the first half of 1984 indicates that short-term growth – at any rate in sales – is not being hampered by the running-off of the Anzcan submarine cable contract.

Yet the more seriously the market takes the STC convergence theory, the more it is likely to look for STC to do something along the lines of its offer for ICL. If STC's argument is taken at face value, it needs to patch a large technological hole in the next few years, and ICL's coming generation of computers could be tailored to fit.

After an initial shudder, indeed, *when it not unnaturally fitted this* suggestion into a late-summer pattern of merger-mania, the market does seem to be coming to terms with the idea.

STC's share price has recovered a *few pence of the lost ground – it* was up 2p yesterday at 27p – and ICL's shares remain just a fraction above the offer at 81p.

Nobody can be entirely convinced as yet that this marriage is much more than a matter of convenience – STC might have got the same effect with other alliances – but it is not being written off in quite the same way as Thorn/Aerospace.

Merrill/Becker

Their *disastrous mutual involve*ment in the affairs of Sun Hung Kai in Hong Kong seems not to have soured relations between Merrill Lynch and Paribas one jot. Presumably operating on the assumption that lightning never strikes twice in the same partnership, Merrill has agreed to take Becker Paribas, the Wall Street securities business, off the hands of the French bank.

Merrill is funding the deal through the issue of its own equity, *with the curious result that the* French Government will end up indirectly as a principal shareholder in the largest securities firm on Wall Street. Nor is that the only oddity. The transaction values Becker at around $100m, which looks remarkably cheap when set against the company's last published equity of $176m and the stated intention of Paribas – when it bought out the minority earlier this year – to inject more capital into the enterprise.

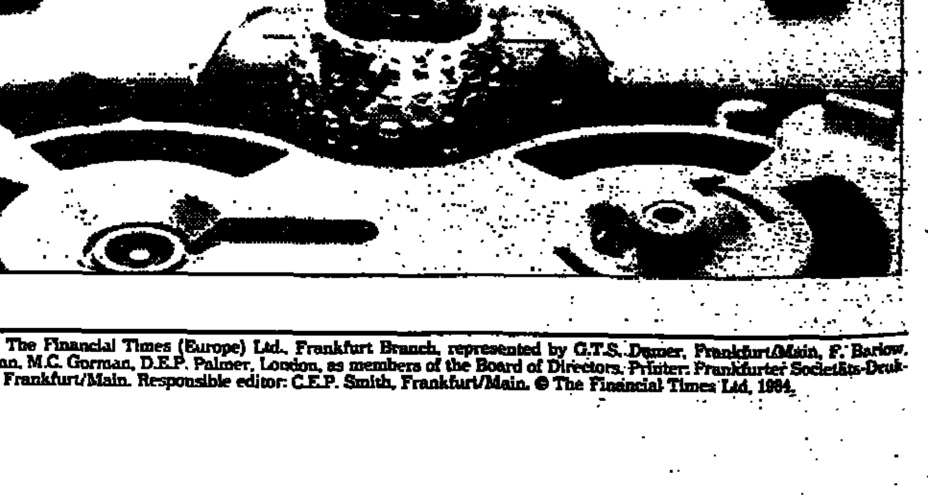
But, even if Merrill is not paying over the odds for Becker, it is difficult to see what strategic objective will be served by the deal. Becker has a useful presence in the commercial paper and fixed-income markets but then Merrill is not exactly short of skills there itself. The Merrill herd has been thundering in so many unprofitable directions over the past few years that the arrival of a new chief executive two months ago was thought to herald a *period of retrenchment* and attention to the cost base of the core brokerage business. But it is hard to keep a good investment banker down on Wall Street and Merrill *may have reckoned that* Becker looked a snip compared, for example, with the prices being paid for securities firms in London.

Glynwed

For all its conspicuous management strengths, Glynwed has never really managed to convince the market that it comprises more than a bewildering collection of unfashionable businesses. Yesterday the group announced an increase of more than 50 per cent, to £12.3m, in pre-tax profits for the six months to March and forecast that the second half should look even better. The shares, however, responded with a 1p fall to 144p, where they yield a prospective 9 per cent.

If anything, it was Glynwed's most unfashionable businesses *which did best of all in the latest six* months. UK operating profits were up 35 per cent in toto to £15m, with the Ductile acquisition providing substantial gains from economies of scale in the steel and tube divisions. Overseas a recovery from loss in the U.S. broadly counterbalanced the effect of dismal trading conditions in South Africa, while the group's announcement that it was withdrawing from the U.S. Breman Steel operations answered a principal criticism of the group's *strategy.*

Glynwed funded acquisitions totalling £4m from cash flow in the first six months and, helped by the $9m proceeds from Breman, should reduce its debt to equity ratio by at least five points to around 45 per cent by the year-end. Profits, meanwhile, should canter on to around £29m. Whether that would be enough to impress the market is anyone's guess.



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Tuesday August 7 1984

Front runner in sight for Creusot-Loire rescue

BY DAVID MARSH IN PARIS

FIVES Cail Babcock, the French private sector machinery and industrial equipment group, has emerged as a front runner among the companies being sought by the French Government to take over part of the assets of the bankrupt Creusot-Loire engineering concern.

The Government has been working painstakingly for the last month on drawing up a financial and industrial rescue for large parts of the disparate activities of Creusot-Loire, which was placed in receivership at the end of June as France's biggest post-war bankruptcy.

But efforts to find a solution have been hampered by the complexity of the group's structure and differences between the Government and the court appointed official, M Hubert Lafont, appointed to administer Creusot-Loire's affairs after the resignation of the company's board on July 19.

In a series of contacts which have also been complicated by last month's French Government reshuffle, Fives Cail, which was formed out of a series of mergers in the 1970s partly involving the French subsidiary of Babcock and Wilcox, has been approached about taking on industrial leadership of a new group of Creusot-Loire shareholders.

The group, which would also include nuclear reactor company Framatome, steel group Usinor and nationalised banks and financial institutions, would take over key Creusot-Loire assets centred on its steel, energy, weapons and transport activities.

The number of jobs to be cut out of Creusot-Loire's total 31,000 group workforce, however, still has not been worked out. The financial details concerning the new company's share capital, and the fate of Creusot-Loire's creditors, are also still not settled.

The Government is likely to want to keep the new company's equity capital relatively low in order to limit the financial exposure of the shareholders. Fives Cail, with a turnover of FFr 3.2bn ($360m) last year, is a much smaller company than Creusot-Loire, whose group turnover was around FFr 16bn.

The shareholding structure of Framatome, which is 50 per cent owned by Creusot-Loire and has considerable loans outstanding to its parent company, also needs to be changed before Framatome can take part in the rescue operation. A number of French groups, including Alsthom Atlantique and Electricité de France, are possible bidders for Creusot-Loire's stake in the nuclear reactor company, while the Government has not ruled out trying to bring in foreign shareholders as well.

The Government has already announced that no jobs will be lost among the 8,000 staff at Framatome.

Canadian pipeline group lifts profits

By Bernard Simon in Toronto

HIGHER natural gas sales in Canada and the U.S. enabled TransCanada Pipelines to lift net income to C$101.2m (U.S.$77.4m) in the six months to June 30, from C$85.1m in the corresponding period last year. Earnings per share rose from 95 cents to C$1.10.

According to company president Mr Rad Latimer, natural gas sales were boosted earlier this year by a return to normal winter weather and the improved U.S. and Canadian economies. Domestic sales in the first half of this year rose by 13.2 per cent, while exports almost doubled.

Second-half results will be helped by a 4.2 per cent increase in natural gas transport tolls that took effect on August 1. TransCanada is also holding talks with U.S. customers to review existing contracts following the Canadian Government's recent decision to relax price controls on gas exports, Mr Latimer said.

Canadian exporters are expected to lower prices in an effort to maintain or increase sales volume.

Sales of oil and natural gas liquids by TransCanada's oil and gas investments rose "significantly" in Canada and the U.S. between January and June 1984. The group also has oil and gas interests in Australia and Indonesia, and last month acquired Wessley Energy, a Dallas-based oil and gas company.

Bell Canada enterprises holds 47.2 per cent of TransCanada's shares, but has indicated that it will not raise its holdings above 50 per cent.

Home Oil, the Calgary-based energy arm of Hiram Walker Resources, has agreed to buy Dome Petroleum's 22.9 per cent stake in the North Sea Oil and Gas producer Sovereign Oil and Gas, for C$40m. Sovereign currently produces 8,000 barrels a day of oil and owns rights to 240,000 unexplored acres.

HOW AN ITALIAN BANK CLIMBED UP THE BIG LEAGUE

San Paolo banks on acquisitions

BY ALAN FRIEDMAN IN MILAN

"IN ITALY, the banks which are well funded will triumph. We will not be able to increase our liquidity simply by offering higher interest rates. The ideal route to a greater funding base is through the acquisition of sound banks."

Professor Gianni Zandano, chairman of Instituto Bancario San Paolo di Torino, which last week catapulted itself into third place in the Italian banking league, leans forward across the dining table to see that his point has registered. Another banker whose institution had just agreed to spend $270m on an acquisition might be jubilant. Prof Zandano, whose bank may well be the most dynamic in Italy, is not interested in boasting.

Yale-educated, quiet and unassuming, Prof Zandano sits before his luncheon table inside San Paolo's elegant 17th century Turin headquarters building. He is at pains to stress that the San Paolo strategy of securing plentiful funding at home and of not being "wildly ambitious" abroad is the most conservative way of nurturing the further growth of his 400-year old bank.

As the 61st ranking bank in the world, San Paolo is not exactly a household name. Its overseas network, while taking in London, New York, Los Angeles, Luxembourg, Frankfurt, Amsterdam and Singapore, is modest. But behind the quiet modesty, a sophisticated management is at work.

The achievements are not limited to the recent L480bn acquisition of Banca Provinciale Lombarda, the private Lombardy bank.

San Paolo has built up an expertise in the European Currency Unit (Ecu) to emerge last year as the top Ecu underwriter in the Euromarket.

In Italy, San Paolo is the leading bank for trade finance. Last year trade related lending reached 27 per cent of the bank's total advances.

The bulk of San Paolo's major expansion has taken place, during the last six or seven years. As a publicly-owned foundation, with a non-shareholder structure roughly along the lines of Britain's Trustee Savings Banks, San Paolo has been able to build up reserves year after year.

Its capital base now totals more than L2,000bn ($1.14bn), which is significantly larger than that of many other Italian banks.

In 1977 San Paolo took over the Como-based Banco Lariano, adding


Prof Zandano: no expansion merely for 'prestige'

Lariano's 120 branches to its own 350 branches in the affluent regions of Piedmont, Lombardy and Liguria. In 1980 San Paolo bought 50 per cent of a Sicilian bank with 40 branches. Two years ago the bank acquired seven Californian branches of the first Los Angeles Bank.

Also in 1982, San Paolo joined in the rescue and took 16.66 per cent of Nuovo Banco Ambrosiano.

Now with the addition of the Bergamo-based Banca Provinciale Lombarda, San Paolo can boast combined group assets of around L56,000bn, total deposits of more than L45,000bn, some 649 branches in Italy and 17,000 employees.

What about the future? Prof, Zandano says he will not expand his overseas network merely for "prestige." San Paolo has few involvements in Third World debt and intends to concentrate on what it does best, which is European finance. At home, Prof Zandano does not rule out further acquisitions, but he was probably made his last major bank purchase for the time being.

Instead, the goal is to develop a variety of financial services in Italy, building on San Paolo's already advanced electronic technology: its sale of data and services to other Italian banks and companies; its mortgage lending, home banking and special focus on aid to small and medium sized businesses.

Although credit controls have been formally abolished in Italy, the central bank continues a tight monetary policy. Therefore, as Prof Zandano sums up: "Liquidity for the banks is scarce and we have it." The effective application of this liquidity will now be San Paolo's greatest challenge.

Australian deal for Chuan Hup

SINGAPORE – Chuan Hup Marine has bought a 30 per cent interest in Lombardo Marine, an Australian company with interests in commercial fishing, shipbuilding and a hotel and travel agency, for A$3.6m (U.S.$3m) cash, or A$40 for each of 90,000 shares.

Another Australian company, Forsayth Oil and Gas, with mining and oil leases on and offshore in Australia, has acquired a 15 per cent interest in Lombardo Marine, and Travoll, a nominee company beneficially owned by one of Chuan Hup's directors, has bought a 5 per cent stake.

Chuan Hup said the purchase conformed with the company's planned expansion in offshore oil-field services. AP-DJ

ICI plans methanol plant in Caribbean

BY CARLA RAPOPORT IN LONDON

BRITAIN'S Imperial Chemical Industries (ICI) is seriously considering the construction of a £150m ($198m) methanol plant in the Caribbean, most likely Trinidad.

ICI confirmed in a statement yesterday that it has decided not to pursue a methanol project at Sharjah in the United Arab Emirates.

ICI "is still looking at natural gas supplies overseas for conversion into methanol, in particular, in the Caribbean," the company said. The new plant would be intended to supply the world methanol market.

Methanol is a raw material used to make a variety of construction materials as well as paints, plastics and fibres.

ICI refused to comment on why it has dropped plans to build a methanol plant in the Gulf. The plans called for a joint venture with a number of Gulf states.

ICI is the only methanol producer in the UK and a leading European producer. Natural gas to make the methanol is purchased from British Gas by ICI under terms which are negotiated in secret.

At the time of its comment on the Sharjah project last May, ICI stated that natural gas could be bought more cheaply in a number of overseas countries than in Britain.

In 1982, ICI announced plans to build a methanol plant in Billingham, North-east England at a cost of £100m. The project has since been shelved.

MCA earnings down

BY WILLIAM HALL IN NEW YORK

MCA, the U.S. records and films group, which owns Universal Studios, has reported a 46 per cent drop in second-quarter net income to $19.9m due to "continuing very disappointing results" from its motion picture operations.

Revenues in the latest quarter fell by $2m to $349.1m. Last year's figures had been boosted by earnings from Steven Spielberg's film E.T. the Extra Terrestrial.

The company says that its domestic syndication contracts for future local station telecasting rights continued to increase at a record rate. In addition to the previously announced Magnum P.I television series contract that will generate $200m in domestic syndication revenues when the films become available in late 1986, contracts written to date for Alan Landsburg's Gimme a Break TV series and the company's mystery movie series will generate $100m of domestic syndication revenues. The company says that its worldwide syndication licensing of its TV and feature film library continues at a very high level.

Earnings for the first six months of 1984 are 46 per cent down at $40.99m

Setback for Loews

BY TERRY BYLAND IN NEW YORK

EARNINGS at Loews Corporation fell in the second quarter of the year following a further sharp fall in income from CNA Financial, the insurance company which is Loews' largest subsidiary.

Operating net income at Loews, which also has extensive cinema and hotel interests and is controlled by the Tisch brothers of New York, has fallen to $57.3m from $66.4m earned from continuing operations in the comparable period. Revenue held steady at $1.4m.

Final net income is down by one fifth to $48.9m or $1.80 a share after adjustment for $8.4m in investment losses in the quarter and for $3.8m in profits from discontinued operations and $9.7m investment losses in the 1983 period.

CNA, a group accident and health insurer in which Loews has an 88 per cent stake, contributed $42.1m from continuing operations in the quarter, compared with $54.5m last time.

For the half year, Loews has returned net earnings of $114.8m or $4.23 a share against $137.7m or $4.90. CNA's contribution fell from $55.6m to $25.4m. Group revenues held steady at $2.7m.

INTL. COMPANIES & FINANCE

Daimler to recruit 2,000

By Jonathan Carr in Frankfurt

DAIMLER-BENZ, the West German motor vehicle producer, plans to take on 2,000 extra workers in the second half of this year—after already boosting its labour force by 2,000 in the first half.

Six hundred new jobs will come at the company's car factories in Sindelfingen, 400 at the engine and axle works at Stuttgart-Untertürkheim, and 300 at Bremen, where the 190 "compact car" series is produced.

The company said the latest increase in the workforce was not a case of short-term hiring simply to help make good production losses caused by the metalworkers' strike in May-June. The new jobs would be durable—created in view of Daimler-Benz's good market position and expansion prospects, it said.

Last year Daimler-Benz increased its domestic labour force by 1.4 per cent to 151,300.

The company has already made it clear that, because of the metalworkers' strike, it expects this year to do no more than match the output of 476,000 cars it achieved in 1983. Commercial vehicle production will be down on the 1983 figure of 174,000.

Norwegian Brown Boveri ahead

BY FAY GJESTER IN OSLO

NEBB, the Norwegian offshoot of the Swiss Brown Boveri engineering group, reports a group pre-tax profit of NKr 27m ($3.2m) for the first half of 1984, compared with NKr 20m in the same period last year.

It expects profits for the year as a whole to be better than 1983, despite idle capacity at a plant making heavy electrical equipment. This results from a weak marine market and a low level of Norwegian hydro-electric development.

The difficulty in this sector has been more than offset by full order books for railway rolling stock, electrical installation work—on and off shore—and electrical engineering.

● Soral, which operates a 67,000 tonnes per year aluminium smelter at Husnes, southern Norway, reports steep increases in operating profits and revenues in the first half of this year against the comparable 1983 period, reflecting the marked rise in aluminium prices which began during the second half of last year.

Operating profits rose to NKr 90m ($10.9m) from NKr 28.3m, while revenues totalled NKr 380.2m, against NKr 308m.

Although prices have now started to ease, the company does not expect results in the second half of the year to show any marked change.

Capacity was fully utilised in the first six months, and output reached 33,700 tonnes, compared with 32,360 tonnes in first half of 1983.

Despite the current weak price trend and signs of slacker world demand, the company is studying plans for a 50 per cent capacity increase. Soral is owned 74.8 per cent by Swiss Aluminium. Norsk Hydro owns most of the rest.

Improvement in first-half group earnings at OCBC

BY CHRIS SHERWELL IN SINGAPORE

OVERSEAS-CHINESE Banking Corporation (OCBC), once the pre-eminent bank of Singapore's "Big Four," has reported a 7.76 per cent improvement in group net profits for the six months to June to S$68.37m (U.S.$31.7m) from the S$63.5m recorded for the same period last year.

The result stands in contrast to the overall decline seen in the whole of 1983, when full-year earnings fell by 7 per cent.

That figure, however, did not include an extraordinary gain on the sale of shares in the International Bank of Singapore, which means that the improvement is less dramatic. The bank itself has reported a first-half earnings increase of 7.15 per cent, to S$50.14m from S$46.8m.

The group figure refer to net profit after providing not only for taxation but also for diminution in the value of assets and allocations to inner reserves. The directors declared an unchanged interim dividend of six cents.

OCBC was ranked third among Singapore banks in 1983 according to The Banker. Total assets less contra items were given as $3.4bn. Ahead of OCBC in the island state were Development Bank of Singapore with assets of $5.7bn and United Overseas Bank with assets of $4.9bn.

Saudi finance for Turkish Islamic banks

By David Barchard in Ankara

THE TURKISH Cabinet has approved the formation of two financial institutions financed from Saudi Arabia.

The two establishments, to be known as the Al Bakara Turkish Private Finance Corporation and the Faisal Finance Company, will operate on Saudi Arabian banking principles, paying no interest but offering dividends and commissions.

The Al Bakarka Turkish Finance Corporation will have an initial capital of TL 500,000m or $13.1m. It appears that Mr Korkut Ozal, the Turkish Prime Minister's elder brother, will have a major stake in the venture through an investment corporation, Hak Yatirim.

N. AMERICAN QUARTERLY RESULTS

AMERICAN STANDARD
Transportation + building products

Second quarter	1984 $	1983 $
Revenue	892.8m	506.4m
Net profits	35.1m	16.5m
Net per share	0.90	0.71
Six months		
Revenue	1.52bn	1.12bn
Net profits	37.2m	29.9m
Net per share	1.60	1.27

AMERICAN GENERAL
Insurance

Second quarter	1984 $	1983 $
Op. net profits	88.3m	72.3m
Net per share	0.60	0.71
Six months		
Op. net profits	187.6m	142.7m
Net per share	1.28	1.40

EG & G
Diversified electronics eqpt.

Second quarter	1984 $	1983 $
Revenue	267.8m	227.1m
Net profits	13.4m	11.6m
Net per share	0.45	0.39
Six months		
Revenue	514.3m	434.2m
Net profits	27.3m	22.2m
Net per share	0.91	0.74

ITEL
Railcar leasing

Second quarter	1984 $	1983 $
Revenue	50.2m	41.6m
Net profits	†3m	9m
Net per share	†0.28	—
Six months		
Revenue	97.3m	83.4m
Net profits	†6.4m	19.4m
Net per share	†0.59	—

† Loss

M/A-COM
Telecommunications equipment

Third quarter	1983-84 $	1982-83 $
Revenue	198.1m	159.9m
Net profits	10.7m	8.3m
Net per share	0.25	0.20
Nine months		
Revenue	553.6m	463.1m
Net profits	25.4m	22.5m
Net per share	0.60	0.55

PEABODY INTERNATIONAL
Pollution control / waste disposal

Third quarter	1983-84 $	1982-83 $
Revenue	83.2m	100m
Net profits	1.5m	2.4m
Net per share	0.14	0.23
Nine months		
Revenue	288.5m	308.8m
Net profits	†19.1m	6.4m
Net per share	†1.74	0.59

† Loss

POFASCO
Steelmaker

Second quarter	1984 C$	1983 C$
Revenue	492.2m	467.8m
Net profits	45.4m	28.3m
Net per share	0.91	0.57
Six months		
Revenue	976.3m	180m
Net profits	85.1m	40.1m
Net per share	1.70	0.81

PANCANADIAN PETROLEUM
Oil and gas exploration

Six months	1984 C$	1983 C$
Revenue	522m	434.4m
Net profits	148.3m	119.7m
Net per share	1.19	0.96

REVERE COPPER + BRASS
Copper and brass mill products

Second quarter	1984 $	1983 $
Revenue	154.4m	119m
Net profits	†32.8m	1.3m
Net per share	†5.74	0.24
Six months		
Revenue	313.1m	240.5m
Net profits	†23.5m	†780,000
Net per share	†4.12	†0.13

† Loss

ST PAUL COS.
Insurance

Second quarter	1984 $	1983 $
Revenue	634.2m	570.2m
Net profits	†40.9m	39.9m
Net per share	†2.04	1.86
Six months		
Revenue	1.26bn	1.12bn
Net profits	†31.9m	84.6m
Net per share	†1.59	3.95

† Loss

WENDY'S INTERNATIONAL
Fast food restaurants

Second quarter	1984 $	1983 $
Revenue	240.4m	174.8m
Net profits	19.2m	14.2m
Net per share	0.35	0.26
Six months		
Revenue	445.9m	328.4m
Net profits	32.3m	24.3m
Net per share	0.59	0.44

INTERNATIONAL APPOINTMENTS

President for People Express Airlines

● PEOPLE EXPRESS AIRLINES has appointed Mr Harold J. (Hap) Pareti as president and chief operating officer. He joined People Express in July 1980 as a managing officer and member of the board. He has been responsible for the airline's flight operations and legal affairs. As president and chief operating officer, he will be responsible for the day to day operations of the airline. Since February 1982 this role has been filled by Mr Donald C. Burr, who will continue to serve as chairman and chief executive officer. Prior to joining People Express, Mr Pareti served as a senior attorney in the General Counsel's Office of the U.S. Civil Aeronautics Board from 1973 to 1977. In 1977 he joined Texas International Airlines as director of regulatory law and became staff vice-president—legal and governmental affairs before leaving in 1980 to join People Express. Mr Pareti has been directly involved in the negotiations which led to Government permission for People Express to begin service between Newark and London Gatwick Airport in May 1983. Last month in London, he presented the airline's application for rights to daily service between London Stansted Airport and Newark.

● Mr Henri J. G. Chalhoub, chairman of the International Insurance Group known as "MEPA," has acquired majority holdings in the Cyprus-based PANCYPRIAN INSURANCE CO. and PANCYPRIAN FINANCE CORPORATION and has been appointed chairman and managing director of both companies. Mr Takis Phylactou, founder of the companies, has been appointed Hon. Chairman and remains a director of both. Mr Leandros Zachariades MP and Mr Emilios Michaelides also remain on the board. Appointed to both boards are Mr R. J. Cleland (executive vice-president of MEPA/Group) and Mr. D. Demitriou who becomes deputy managing director of Pancyprian Insurance. Mr J. G. Chalhoub completes the new appointments to the insurance company board. Mr Renos Solomides (former Minister of Finance) has been appointed to the board of the Finance Corporation in addition to acting as a consultant to the organisation.

● Mr Neil Jones has been appointed managing director and chief executive of AUSTRALIAN NATIONAL INDUSTRIES. Mr Jones, who came to ANI in 1971, joined the board of directors in 1982 as an executive director.

● Mr John M. Dennison has been appointed senior representative for McDONNELL DOUGLAS, Europe. He is based in the corporation's office in Bonn, West Germany, and is responsible for military aircraft marketing.

● Mr Lawrence A. Bossidy has been elected vice-chairman, executive officer and member of the board of GENERAL ELECTRIC COMPANY. He will succeed Mr John F. Burlingame, who has announced plans to retire on January 1. Mr Bossidy joined General Electric in 1957. Since 1981, he has been executive vice president of General Electric's services and materials sector.

● Mr Norman C. Morris has been appointed chairman of DRG INC CANADA, succeeding Mr W. Grant Horsey who becomes honorary chairman. Mr Morris will continue as president and chief executive officer and Mr Horsey will carry on as a director and member of the executive committee. Mr Morris joined DRG in 1951 and has been president and chief executive officer since 1979.

Notice of Redemption

International Standard Electric Corporation

6% Sinking Fund Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 1, 1966, under which the above described Debentures were issued, $330,000 principal amount of the said Debentures of the following distinctive numbers has been drawn by lot for redemption on September 1, 1984 (the "sinking fund redemption date") through the operation of the Mandatory Sinking Fund provisions at 100% of the principal amount thereof (the "redemption price"), together with accrued interest to the redemption date:

$500 COUPON DEBENTURES BEARING THE PREFIX LETTER D

873	925	951	1005	1077	1211	1565	1752	2256	2753	2775	2968	3052	3706	4019
904	936	959	1027	1194	1252	1685	2065	2314	2759	2781	3006	3125	3790	4043
915	939	977	1034	1198	1400	1695	2168	2316	2761	2815	3013	3272	3923	4201
920	944	995	1066	1206	1557	1726	2207	2545	2765	2876	3021	3297	3944	4471

$1,000 COUPON DEBENTURES BEARING THE PREFIX LETTER M

14	581	914	1510	2359	2979	3209	4047	5844	6307	7382	7908	9977	11025	12064	12427
17	582	918	1515	2546	2981	3272	4068	5846	6308	7383	7916	9978	11027	12098	12428
21	583	997	1627	2623	2982	3273	4108	5847	6310	7387	7928	9979	11028	12100	12430
66	584	1151	1628	2753	2984	3274	4163	5849	6521	7389	8006	9980	11030	12143	12433
68	585	1154	1691	2756	2985	3296	4201	5850	6784	7502	8026	9982	11031	12174	12434
159	586	1156	1692	2759	2987	3639	4389	5888	6787	7506	8072	9992	11032	12176	12441
342	587	1166	1693	2764	3005	3711	4390	5907	6856	7519	8074	9993	11033	12179	12445
346	591	1167	1752	2766	3007	3775	4471	6074	6859	7532	8075	9994	11034	12183	12458
347	592	1317	1785	2773	3008	3790	4565	6076	6873	7541	8143	10000	11041	12185	12545
398	593	1324	1786	2775	3013	3806	4566	6080	6906	7563	8180	10001	11193	12187	12592
399	598	1406	1977	2778	3018	3882	4615	6081	6913	7644	8199	10010	11194	12327	13303
401	730	1475	2009	2780	3019	3934	4735	6082	7161	7669	8293	10183	11362	12332	13430
406	787	1496	2010	2816	3022	3948	4992	6083	7170	7671	8296	10184	11363	12416	13449
408	856	1498	2165	2818	3025	3952	5398	6194	7173	7672	9623	10829	11531	12418	13750
409	857	1499	2167	2838	3052	4036	5458	6287	7174	7723	9744	10885	11823	12419	13754
410	858	1502	2168	2876	3056	4043	5459	6298	7175	7724	9884	10903	11824	12420	
415	888	1503	2208	2887	3244	4044	5664	6304	7176	7727	9904	10946	11825	12422	
530	890	1505	2314	2958	3262	4045	5841	6305	7376	7782	9923	11009	11869	12423	
531	891	1508	2358	2978	3263	4046	5842	6306	7377	7907	9961	11024	12025	12424	

The Debentures specified above will become due and payable and, upon Presentation and Surrender thereof (with all coupons appertaining thereto, maturing after September 1, 1984); will be paid on said redemption date at the Brokers Services Department on the 2nd Floor of Citibank, N.A., 111 Wall Street, New York, N.Y. 10043, at the offices of Citibank, N.A. in London (City Office) and Paris, or at the principal offices of Societe Generale de Banque S.A. in Brussels, Dresdner Bank Aktiengesellschaft in Frankfurt and Banque Generale du Luxembourg in Luxembourg, as the Company's Paying Agents. On and after said redemption date, interest on said Debentures will cease to accrue.

Coupons due September 1, 1984 should be detached and presented for payment in the usual manner.

International Standard Electric Corporation
By: CITIBANK, N.A.
as Trustee

July 31, 1984

Withholding of 20% of gross redemption proceeds is required by the Interest and Dividend Compliance Act of 1983 unless the Paying Agent has the correct tax identification number (Social Security or Employer Identification number) of the payee. Please furnish a properly completed form W-9 or equivalent when presenting your securities.

Quadrupled earnings for Pan-Electric Industries

BY CHRIS SHERWELL IN SINGAPORE

PAN-ELECTRIC Industries, the shares of which have been among the most heavily traded on the Singapore Stock Exchange for the past month, yesterday reported a quadrupling of after-tax profits for the six months to June on turnover ahead by 27 per cent.

The group after-tax figure of S$14.7m compares with a profit of S$2.9m in the same period last year, and the directors say the much-improved performance will continue throughout 1984. Turnover rose to S$129m from S$101.8m.

Although there appears to have been an overall improvement in the group's performance, the main spur to increased profits came from extensive salvage activities in the Gulf by the Selco companies it owns.

The directors also pointed to the high occupancy rate enjoyed by the Orchard Hotel during the first half, saying that profits were significantly higher compared to the same period in 1983.

On two separate occasions in July the Singapore Stock Exchange queried Pan-Electric about its activities. The first followed a sharp increase in price and trading volume of Pan-Electric shares. The company said it was aware of no reason for the rise other than its widely-reported higher volume of salvage operations.

The second was prompted by reports detailing some ambitious plans for the company's hotel and property divisions. "Nothing is at the stage of development where the board should make public disclosure," the company replied

These developments followed estimates of full-year profits by local securities firms which varied widely. One in particular porjected a pre-tax figure of around S$60m, after S$26m in 1983.

Despite this, the price has moved from below S$2 a share two months ago to S$3.18 at the close yesterday. If the matter has worried the authorities, as seems ilkely, that concern has elicited little hard public information.

Sabah deal lifts FACB shares

BY WONG SULONG IN KUALA LUMPUR

FIRST ALLIED Corporation Berhad, FACB, the shares of which have seen heavy trading on the *Malaysian and Singapore* stock exchanges in recent months, has announced another major property acquisition for 20m ringgit (US$8.6m) to be satisfied by an issue of 10m shares of 50 cents par value. After the announcement the company's shares rose by 26 cents to close at 306 cents.

The project, called Wisma Merdeka, in Kota Kinabalu, the capital of the east Malaysian *state of Sabah, is valued at 55.7m* ringgit. Wisma Merdeka, which is controlled by Tan Sri Syed Keruak, a former Sabah chief minister, is developing a big commercial complex on 2.4 acres, and a pre-tax profit of 70m ringgit is expected over three years.

FACB, which is controlled by Chen Lip Keong, a fast-rising property developer, said it expects pre-tax earnings of 22 cents per share for the year ended March 1985, based on the enlarged paid-up capital of 43.2m ringgit.

At the start of the year, the paid-up capital of FACB was only 3.1m ringgit, but has expanded rapidly through a *rights issue and acquisitions.*

● United Plantations, a major Malaysian palm oil and cocoa producer, has reported a strong advance for the half year to June, with pre-tax profits rising to 25m ringgit (US$10.8m) from 9.1m ringgit due to strong *commodity* prices. *After-tax* profits were 13m ringgit compared with 3.7m ringgit previously. Turnover rose by 60 per cent to 56.7m ringgit.

The company said its palm oil output, at 21,000 tonnes, was lower than forecast, but this was more than offset by good prices which rose by 76 per cent to 1,383 ringgit per tonne.

United Plantations said it expects palm oil production to *be eight to 10 per cent lower* than earlier estimates, but due to "lucrative forward sales," the full year results would be "extremely gratifying."

Wong Sulong reports on the transformation of a Malaysian tin mining company

Johan grows under Mr Tan's control

JOHAN HOLDINGS, a small tin mining company founded by seven Englishmen in 1917, has emerged as a major Malaysian group over the past three years. Under a youthful team headed by 37-year-old Tan Kay Hock, it is now looking beyond Malaysia for new business *opportunities.*

In 1981, Johan had a minuscule paid-up capital of 272,000 ringgit (US$118,000), and no future as its tin deposits had been exhausted. Today, it is a highly rated company, with *a paid-up capital of 127m ring*git, a market capitalisation of over 450m ringgit and an annual turnover of 500m ringgit. Its activities now cover property development, manufacturing, trading, and credit cards.

Apart from Johan, there are three publicly listed companies in the group: George Kent Malaysia, which is 66 per cent owned, Jacks International (80 per cent), and William Jacks of the UK (57 per cent). Together, they employ 2,500 people in four continents.

"It took us some time to realise the spread of our activities," said Mr Tan. "For example, one of our subsidiaries in Zambia operates a profitable farm which supplies half the eggs for Lusaka, the capital. In Australia, we are involved in *metal fabrication and engineer*ing, and in Britain, we sell Mercedes and BMW cars."

For the year to January 1984, Johan increased its pre-tax profits by over 80 per cent to 11.2m ringgit, and pre-tax earnings of 23.5m ringgit are forecast for the current year.

Because most of its acquisitions have been made with shares, Johan has a surprisingly small debt of only 12m ringgit. It raised 80m ringgit from a recent rights issue, and another 110m to 130m ringgit should come in by early next year through a special Malay share issue and rationalisation plans.

With such a strong cash flow, the group is in a strong position *for further expansion.*

George Kent, which was 30 times bigger than Johan when it was acquired in May 1981, has established itself as the leader in the production of water meters and precision equipment in Malaysia.

The company is working round the clock to turn out 10m water taps, meters, and valves a year and it feels it is ready to move aggressively into the export market, particularly in South-east Asia and the Middle East.

After taking over Jacks International from the Singapore-based Straits Steamship group early last year, Johan has succeeded in turning this well-known trading company from losses to a small profit.

Jacks has a 103-year history and until the 1970s, was one of the leading trading houses in Southeast Asia.

Mr Tan sees great opportunities for Jacks to return to its past glory, and its resurgence would be in line with the Malaysian Government's desire to see the growth of Malaysian Sogo-Shoshas, or Japanese-style trading groups.

But with a paid-up capital of only 10m ringgitt, Jacks is obviously under-capitalised and a big injection of capital is on the cards. The plan would probably involve splitting the Malaysian and Singapore operations into separate companies, with a public listing for its Australian activities under the Skinner group and the expansion of William Jacks in Britain.

William Jacks is buying up the British Leyland franchise for Buckinghamshire and Surrey, including the Jaguar cars agency. With its franchises for Mercedes, BMW, Audi and Alfa Romeo, William Jacks would have a strong hold on the top end of the car market in the area.

Unlike Sime Darby, the Malaysian plantation-based con*glomerate, which has reduced* its U.K. activities to a bare minimum after suffering some pretty bad losses in the late 1970s the Johan group is bullish about doing business in Britain.

"London is an international centre for finance and high technology, and we hope to use London to tap these services," said Mr Tan. He confirmed that Johan is in the market to buy either a British financial services company or a high technology company to complement the group's activities.

On the home front, Johan is negotiating to buy, or take a substantial stake in a plantation company with 30,000 to 50,000 acres and insurance is another area the group is keen to venture into to complement its *Diners Club credit card busi*ness in Malaysia and Singapore.

BEFORE HE reached his teens, Tan Kay Hock had seen a family fortune, built up over two generations, being split up. "My father was a fair man. He left everyone an equal share of the estate," said Mr Tan, who is the younger child of the third wife.

That did not prevent the various family factions from fighting a protracted court battle over the fortune. "In everyon'es life, there must be a turning point. The fight over the family's fortune after my father died was mine. From then on, I was determined to make *it on my own," said Mr Tan.*

He went to Lincolns Inn in London to qualify for the Bar, and on his return in 1973, joined a legal firm; but the lure of business was too strong, and after a short stint at law, he began to pick up what was left of the family's business.

His entry into modern corporate business was accidental. In 1980, a friend told him that the ailing Johan was a good buy and he bought it. "For a year, I didn't know what to do with it." After learning something about the corporate world he took Johan on a *hectic trail of acquisitions* and has never *looked back.*

Mr Tan likes to see himself as a third generation Malaysian Chinese businessman.

"The first generation founded the business which is then passed on to family members of the second generation. The third generation is one that realises the family-type business h as no future in the present Malaysian environ- ment, and is prepared to adjust to the modern corporate style"

UK COMPANY NEWS

STC backs bid with 23% profits rise

BY ALEXANDER NICOLL

Standard Telephones and Cables yesterday backed its bid for computer maker ICL by reporting a 23 per cent rise in pre-tax profits for the first half ended July 1 and increasing its dividend.

Because it is making a bid, the company was careful not to make any profit forecast which would require a full audit of its accounts. But Mr Ted Newman, treasurer, said of the first half profit rise that "there's little reason to think that's an abnormal situation."

ICL has rejected STC's bid as "totally inadequate," but its board is due to meet today. Sir Kenneth Corfield, STC chairman, said he hoped formal talks between the two companies would begin after the ICL meeting. STC plans to send out its formal offer document on Thursday.

STC is offering two of its shares for every seven ICL, with an alternative of 77p cash per share. At STC's closing price yesterday of 274p, up 2p, the share offer values ICL shares at 78p and the company at £354m. ICL shares were unchanged yesterday at 81p.

STC is raising its interim dividend from 2.75p to 3.25p.

Pre-tax profit rose from £42.4m to £52.2m, on turnover of £517.3m against £406.2m. Tax, taken at a 40 per cent rate instead of the previous 37 per cent because of UK budget changes, is estimated at £20.9m against £15.7m.

Roger Taylor

Sir Kenneth Corfield, chairman of STC

Of the post-tax profit of £31.3m (£26.6m), dividends accounted for £10.6m (£9m), leaving a retained profit of £20.7m (£17.6m). Earnings per share rose to 9.6p from 8.5p.

Orders in hand were at a record level of £679m at the end of the half, excluding a £104m undersea cable contract won in July.

Overseas sales, at £154m, were 32 per cent higher than in first half 1983. Turnover of all group divisions rose, with telecommunications at £203.2m against £188.1m, international communications and services £131.2m (£104.2m), components and distributors £171.2m (£109.9m) and residential electronics £11.7m (£4m).

Sir Kenneth said about 30 per cent of STC's business is with British Telecom. Although this was the same proportion as last year, growth of other markets mean that STC is achieving his desired aim of reduced dependence on one supplier, he said.

Of the relatively slow growth of telecommunications turnover, Sir Kenneth said equipment has a long installed life and that its costs are falling. But he said supply to BT of TXE-4 electronic exchanges was a "big business which cannot come to an end in the short-term — there would not be anything to replace them."

STC was given the TXE-4 contract as compensation when it lost a place in the collaborative System X project. Sir Kenneth said yesterday that enhancements to TXE-4 exchanges would provide STC with work "out to the end of the decade."

On overseas sales, Mr Alex Park, finance director, said submarine cable systems had strong sales, and that the components and distribution division had done well in both Europe and the U.S.

Sir Kenneth acknowledged, however, that a weak point of an STC/ICL combination would be that neither company is very strong in North America. Wether or not the merger goes through, STC will need to establish a firmer base there, and it has a list of companies in which it it interested, he said. STC is 35 per cent owned by ITT of the U.S.

See Lex

Asprey expects to sustain growth

A FURTHER advance of £582,000 over the second six months enabled Asprey & Co to lift its pre-tax profits for the full year to March 31, 1984 from £5.44m to £6.21m.

Current trading has not reached the levels of 1983-84, but the directors are hopeful of sustaining the achievements over the full period.

On the back of a 6.4p rise in earnings to 68.9p they are raising the final dividend by 1.5p to 11.5p for an increased total of 17.5p (16p) per 25p share.

Turnover pushed ahead from £24.76m to £28.24m—the group is a goldsmith, silversmith, jeweller, antique dealer and interior decorator.

Pre-tax profits of this close company were struck after deducting interest of £21,000 (£12,000), staff costs of £2.84m (£2.59m), depreciation of £155,000 (£157,000) and other operating charges of £2.66m (£1.75m). Other income of £900,000 (£851,000) was included.

Tax accounted for £1.91m (£1.53m) and there was a transfer to legal reserves of £147,000 (£114,000)—in the corresponding half year there were extraordinary credits of £54,000.

The group's financial position has continued to strengthen with shareholders' funds at year-end totalling £24.1m (£20.9m).

Glynwed at £12m midway and sees record for year

A SUBSTANTIAL rise in pre-tax profits from £8.08m to £12.27m has been produced by Glynwed International for the first half of 1984, with most of the increase coming from the UK. There was also a significant turnround in the U.S.

Sir Leslie Fletcher, chairman, says that unless there is a material downturn in activity in the UK, profits for the second half should exceed those of the first six months.

In the last full year pre-tax profits came to a record £21.19m on turnover of £467.2m. In their last annual statement the directors said they were confident of a sustained level of activity in the UK and were hopeful of steady improvement in the U.S. throughout the year. They added then that it was too early to anticipate any improvement in South Africa in 1984.

Turnover for the first half for this manufacturer of engineering and building products moved up from £232.04m to £270.87m.

Sir Leslie says that the improvement in profitability over the first half provides the opportunity of removing some of the imbalance which has arisen in previous years between the level of the interim and final dividends. The net interim payout has been lifted from 2.45p to 3.25p.

He says that the amount of the final for 1984 will depend on overall annual profit but will not be less than the 5.4p paid last year.

For the six months net earnings per 25p share were given as rising from 7.12p to 10.5p.

In the UK Sir Leslie says that, without exception, all divisions have shown higher profits, in particular the steels division and the tubes and fitting division, which benefited from the integration of Ductile and Durapipe and produced noticeably better results.

There was also a significant turn round in the U.S., following last year's break-even position at the half-way stage.

The South African economy remains depressed with the result that higher interest costs have more than absorbed trading profits, giving rise to a loss for the first six months.

Glynwed has sold the steel service centre business of its Atlanta-based U.S. subsidiary, The Breman Steel Company, to Levinson Steel of Pittsburgh, Pennsylvania. The sale includes assets which have yet to be finally valued but are expected to have a value in the region of $9m (£6.8m). In addition, premises and plant with a net book value of $5.5m are being leased to the purchaser, which also has options to buy them.

At the operating level profits rose from £12.39m to £16.7m from which net interest payable took £4.43m (£4.32m).

Tax amounted to £3.68m (£2.07m) and there were credits to minority interests this time of £242,000 (debits from £10,000).

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Asprey		11.5§	Oct. 1	10	17.5	16
Evode	int	0.82	Sept. 27	0.71	—	2.44
Glynwed Intl.	int	3.25	Dec. 19	2.45	—	7.85
Grosvenor Square		3‡	—	—	3	—
Lon. & St. Lawrence		0.98	Nov.5	0.88	0.98	0.88
Relyon	int	1.65	Oct. 1	1.54*	—	4.04*
STC	int	3.25	Oct. 1	2.75	—	7.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Close company.

Evode edges ahead to £0.91m at six months

PRE-TAX profits of the Evode Group edged ahead from £865,000 to £911,000 over the 26 weeks ended March 31 1984 and from earnings 0.62p higher at 4.5p basic and net interim dividend is being stepped up from 0.7116p to 0.8183p.

The directors say that while sales generally achieved planned levels, rising from £22.93m to £24.95m, there was, and continues to be, considerable pressure on margins in many group activities—Evode manufactures adhesives and jointing compounds.

Operating profits for the half year (comparative figures were for 27 weeks) slipped from £1.27m to £1.15m and there was an associate debit this time of £4,000, compared with a previous £4,000 credit.

The interest charge, however, showed a reduction of £174,000 to £237,000 and tax took £76,000 less at £172,000.

In the adhesives and sealants division very strong growth was achieved in industrial adhesives and sealants, especially from the double glazing industry and the Spinnaker range of yacht varnishes also made a good contribution.

The Hiflo adhesives and sealant business started production in Stafford at the end of May and should make a meaningful contribution to profits in the next financial year.

The roofing and insulation division's order book remains relatively strong and the production of tekurat in Telford should start by late autumn. Stafford Roofing and Tiling, acquired in March, has made a small contribution to profits to date.

In the paints and plastics sector profitability showed a marked improvement. There was significant further growth in powder coatings and the £2.25m acquisition of D. Worrall and Sons should materially improve the group's UK market share for such coatings.

While Evode plastics is showing some improvements over the previous period it is still performing below plan. The recession in Ireland continues to affect Evode Industries adversely and further action is being taken to improve the situation.

Group pre-tax profits for the 1982-83 year increased by over 43 per cent to £2.57m.

Mr A. H. Simon, the chairman, said in his last statement that vigorous development of the group was planned, both organically and by acquisition.

Various new product activities were also planned for the current year, including a new range of ecologically safe fishing products.

General levels of trading during the opening quarter had been at planned levels and it was believed that the group would make further progress over the whole year.

● comment

The slackening in Evode's pre-tax profits growth from 45 per cent at the previous interim stage to 5.2 per cent in these figures only underlines the importance of its diversification into industrial coatings and adhesives. For the seat of the problem is in the DIY trade, which probably accounts for about half of profits. Prices of Evode's petrochemically derived raw materials were driven up by the dollar's strength, while increasingly powerful multiple retailing customers continued to demand product price concessions. Evode is looking to a number of new specialist DIY lines to set a more profitable pattern, as well as examining production efficiencies in its existing ranges. Elsewhere, the usual seasonal upturn has barely materialised, and the Irish operation continues to be a drain on paints and plastics. Recent acquisitions, Worral and Hiflo, should contribute around £150,000 in the final quarter, and make a more significant impact next year. In the current year, Evode looks on track for less than £3m pre-tax, which leaves the shares, down 4p to 110p, on an undemanding prospective multiple of about 7½, assuming a 20 per cent tax charge.

Relyon tops £1m at the interim stage

First half profits before tax of the Relyon Group improved by £43,000 to £1.08m and the company, engaged in the manufacture of mattresses and divans, is effectively raising its net interim dividend from 1.5416p to 1.65p.

The results bear out the optimism expressed by Mr John Smith, the chairman, in his last statement.

He tells shareholders now that the second half has begun well and that with a sound order book he is confident the group will continue to prosper during the period.

Referring to the interim figures, which covered the six months to June 30 1984, Mr Smith says viewed against the background of the depressed furniture sector they were a noteworthy achievement.

Turnover improved from £8.26m to £9.72m and operating profits emerged at £930,000, compared with £799,000.

Tax took £500,000 (£537,000) to leave net profits £81,000 ahead at £576,000.

Earnings per 25p share amounted to 4.88p, against a previous 4.19p.

Grosvenor Square Props. meets forecast with £1m

IN LINE with the forecast made by Grosvenor Square Properties at the time of entry to the USM last January, pre-tax profits rose from £739,000 to £1.05m for the year to the end of March 1984. Also, as forecast, a single final dividend of 3p has been recommended.

In their prospectus, the directors expected profits before tax to be not less than £1m.

The directors now say they are looking forward to 1985 with confidence and on the basis of the present level of activity and profitability, they intend to recommended the dividend for 1985 should be increased by 10 per cent.

Earnings per 10p share are shown as rising from 12.26p to 14.96p.

The directors say a site has been secured in Marylebone Road, London, where a 50,000 sq ft high quality air conditioned office building is to be erected on what is now the headquarters of St Dunstans.

Shopping is forming a more important part of the group's development programme for the future. A two-and-a-half acre site has been acquired in Edmonton, north London, for development as a supermarket and work is underway on a large shop unit in Cirencester. In Stockport, Cheshire, a series of freehold and leasehold interest has been pieced together to create a substantial shop investment.

Elsewhere, terms have been agreed on other office and shop schemes including projects in Mayfair, Chertsey, Bournemouth and Harrow.

On the industrial front, the market is still generally weak.

In the U.S., work has started on a 45,000 sq ft office development in New York State. It is intended to proceed by way of joint venture with a major UK property group which will be responsible for funding development costs.

Gross profits came to £1.78m (£1.52m) from which administrative expenses took £694,000 (£669,000) ad interest £125,000 (£203,000). Other operating income added £90,000 (£92,000).

After tax of £237,000 (£94,000), and proposed dividends of £180,000, profits at the retained level emerged lower at £630,000 (£645,000).

Wordnet Intl. aims for USM float

The directors of Wordnet International have requested Hill Woogar and Company to make an over-the-counter market in the ordinary shares of the company pending its ultimate application for a USM flotation.

Since the offer for sale in April by Yelverton Investments of 1.6m ordinary shares of 5p at 50p per share occasional deals have taken place in Wordnet's shares under the provisions of Rule 163 (2). At 60p per share the company is capitalised at £2.88m.

Wordnet International is the holding company of a London-based group engaged in the design, manufacture and distribution of computer equipment specifically designed to add on to standard electronic typewriters.

The company was founded by its managing director Mr Richard Crown and began operating in June 1982.

For the 1983 year the group incurred a loss of £450,000, which was due primarily to substantial start up costs in both research and marketing. For the current year pre-tax profits of not less than £350,000 are forecast.

Jaguar share allocations

Valid applications totalling some 320,000 were received for over 1.48bn Jaguar shares, 8.3 times the number of shares in the offer for sale.

Preferential applications were received from 1,820 Jaguar employees for 2.3m shares. In addition there were applications from 22,880 BL shareholders and BLMC convertible stockholders for 16.4m shares and applications from 2,124 BL Group employees for 1.6m shares.

All valid preferential applications will be satisfied in full.

The basis of allocation is as follows:

Between 100 and 400 shares—ballot for 100 shares; between 500 and 900 shares—ballot for 200 shares; for 1,000 shares—ballot for 250 shares; between 1,100 and 1,900 shares—250 shares; between 2,000 and 3,000 shares—300 shares; between 3,500 and 4,000 shares—400 shares; between 4,500 and 5,000 shares—500 shares.

Between 5,500 and 6,000 shares—600 shares; between 6,500 and 7,000 shares—700 shares; between 7,500 and 8,000 shares—800 shares; between 8,500 and 9,000 shares—900 shares; between 9,500 and 10,000 shares—1,000 shares; between 11,000 and 15,000 shares—1,500 shares.

Between 16,000 and 20,000 shares—2,000 shares; between 21,000 and 25,000 shares—2,500 shares; between 30,000 and 500,000 shares—10 per cent of shares applied for; between 550,000 and 950,000—11 per cent of shares applied for; 1m shares and over—12 per cent of shares applied for.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: AI Industrial Products, Commercial Union Assurance, English and New York Trust, Guest Keen and Nettlefolds, Plan Invest, Rotaflex.
Final: Unitech.

FUTURE DATES

Interims:

Algemene Bank Nederland	Aug 17
British Vending Industries	†Aug 14
Carpets International	Aug 21
Charterhouse Petroleum	Aug 30
Flextech	Aug 13
Home Counties Newspapers	Aug 30
Macfarlane (Clansman)	Sept 4

Finals:

Control Securities	Aug 8
Estates Property Investment	Sept 5
Group Investors	Aug 14
Newmark (Louis)	Aug 16
Nova (Jersey) Knit	Aug 24
Prico	Aug 17
Waring and Gillow	Aug 16

† Amended

MINING NEWS

Higher gold income helping Benguet

WHILE fortunes of the mining industry in the Philippines are mixed, to say the least, gold interests helped by peso devaluation have brightened second-quarter earnings of Benguet Corporation, one of the country's leading mining firms.

Leo Gonzaga reports from Manila that second-quarter earnings have risen to Pesos 99.4m (£4.3m), 39 per cent higher than in the same period of last year. The total for the first half of this year is brought to Pesos 152.1m.

Of the second-quarter total, Pesos 30.4m came from the company's gold mining operations, Pesos 16.6m was derived from gold trading and Pesos 4.5m from its share of the earnings of its engineering subsidiary. The balance came from copper and chrome mining operations under contract to other companies.

Benguet has backed out of an earlier plan to go to Court to test the legality of a Government rule which requires prior approval of the Trade and Industry Ministry for all copper concentrate exports.

The ministry recently stopped Benguet fro mexporting concentrates to Japanese buyers unless the company first delivers 3,500 tonnes to the semi-State owned Philippine Associated Smelting and Refining Corporation (Pasar).

Mr Jaime Ongpin, the president of Benguet, announced that his company would send the required tonnage to Pasar, but gave the impression that after the first delivery the latter would not want any more Benguet concentrates because its smelter was not structured to deal with that type of feed.

Meanwhile the troubled Marinduque Mining and Industrial Corporation has announced that despite the foreclosure on its assets by two Government banks, Development Bank of the Philippines and Philippine National Bank, it would continue its nickel mining and cement-making operations.

The foreclosure was intended only to protect the banks' exposure in the mining firm, estimated at Pesos 18bn, and to preempt other bank and non-bank creditors from making any claims on the plant and other facilities of Marinduque.

MINING NEWS IN BRIEF

THE U.S. Hanna Mining, iron ore, nickel and energy group reports a second quarter net profit of $8.41m (£6.5m) which brings earnings for the first half of the year to $9.5m, or 92 cents per share, compared with a loss of $19m in the first half of 1983.

Because of poor U.S. copper prices—now near the lowest in real terms this century—Asarco is to suspend open-pit mining operations at its Silver Bell copper mine located 40 miles from Tucson.

During the shutdown a leaching operation will continue copper production at about one-quarter of the normal rate of 21,000 tons per pear. Asarco said that it would consider reopening the mine at the end of this year depending on prevailing economic conditions.

* * *

The East Driefontein gold mine of South Africa's Driefontein Consolidated in the Consolidated Gold Fields group has been awarded a five-star safety rating by the Chamber of Mines. It reached 1m fatality-free shifts on July 26.

* * *

Australia's EZ Industries has formally announced that following the recent take-over bid North Broken Hill has a controlling interest of over 50 per cent in the company.

COMPANY NEWS IN BRIEF

The shares of R. H. Morley fell 2p to 55p yesterday on news that this maker of polythene bags is asking its shareholders for £0.5m of new money. Morley has launched a one-for-two rights issue at 40p per share. The cash raised, £460,000 after underwriting and other expenses, will be used to partly financea modernisation of the company extrusion lines and to reduce the company's borrowings.

* * *

The offer for sale of 5m shares in Great Western Resources closed oversubscribed yesterday. The basis of allotment will be announced today, and dealings are expected to begin on Friday.

* * *

At meetings of the preference shareholders and of the shareholders of Booker McConnell, resolutions to implement the proposal to repay the preference shares were passed unanimously.

Subject to confirmation by the High Court of the proposed reduction of capital of £600,000, it is expected that the proposals will be implemented on or about September 11 1984.

BIDS AND DEALS

EMAP gains bigger share of trade magazine market

BY WILLIAM DAWKINS

East Midlands Allied Press (Emap), the fast-expanding provincial newspaper and magazine group, has made an agreed offer for Maclaren Publishers, a Croydon-based trade and technical magazine company.

Emap is offering approximately six times Maclaren's trading profits for the year to next December, plus £1.9m for its cash and liquid funds, subject to a top limit of £10m. It is unlikely that the total consideration, which will be paid in cash or Emap shares, will be less than £8m.

An interim payment of £4.3m will be made on completion—expected to be in September—with the balance payable on publication of Maclaren's 1984 accounts.

United Newspapers, publisher of Punch and the Yorkshire Post, has now discontinued the takeover discussions it opened with Maclaren's directors in the spring.

Mr Richard Winfrey, Emap's deputy chairman, said yesterday: "It is the one area where we did not have a major stake. We only have a small number of trade magazines and it is part of our corporate strategy to expand our activities in these areas."

Maclaren owns 14 trade and technical titles, servicing the bakery, office equipment, rubber and audio industries among others, and organises seven associated exhibitions.

Following the acquisition, roughly £10m of Emap's turnover, which reached £63.7m last year, will be in trade publications and exhibitions.

Last year, Maclaren made £540,000 before tax, rising to £887,000 in the six months to June. Net assets at the year-end were £1.4m. The group will keep its present name, independence and management and will be Emap's second acquisition this year. In January, Emap paid £1m for Choice Publications, a leading magazine group in the pre-retirement market.

Following the announcement, Emap's A ordinary shares were unchanged at 88p.

Amos Hinton bid 'imminent'

BY TERRY GARRETT

AN AGREED BID for Amos Hinton appears imminent following the company's request for a temporary suspension of its shares yesterday morning.

The suspension comes three weeks after the Cleveland-based supermarkets and off-licence group told shareholders that it was in discussions which might lead to a merger. That announcement came after a rise in the share price from 240p to more than 300p within a couple of weeks. When a halt was called to trading yesterday the price was 353p — 17p off the year's peak recorded last week — valuing the limited voting ordinary shares at £15.5m.

Hinton's directors were giving away nothing more than a "no comment" yesterday but in the City several names were immediately rumoured as potential bidders including Dee Corporation Argyle Group, Kwik Save and Wm. Low.

Any bid with a hope of success must have the backing of the Hinton family. The supermarket group is one of the few companies on the Stock Exchange which retains family voting control via a limited number of non-quoted founder shares carrying a disproportionate number of votes. There are 1.1m founder shares in issue against 4.4m ordinary but the founder shares hold 10 votes apiece to the ordinary's one.

Several of the possible bidders immediately scotched any thoughts that they were talking to Hinton. A spokesman for Dee Corporation "It is definitely not us there is too much overlap." With Dee already deeply involved in one Monopolies reference following the Booker McConnell bid the directors are reluctant to cloud the issues. Even so the spokesman admitted Dee had looked at Hinton before and would be following events.

Mr Ian Howe, deputy chairman and chief executive of Kwik Save, said "It is not us but we might possibly be interested. We had exploratory talks in the past but never got anywhere because of the family holding."

Dundee based Wm Low made its usual "No comment" policy statement while Argyle directors were unavailable for comment.

From a peak of £2.5m in the year to March 1982 profits have declined to £1.91m pre-tax for 1983-84. As the suspension price the shares stand on a stated earnings multiple of 10.7.

James Capel plays down suggestions of sell-off

BY ALEXANDER NICOLL

James Capel, stockbrokers, yesterday played down suggestions that they were about to arrange the sale of a stake in the firm to an outside shareholder.

Hongkong and Shanghai Banking Corporation disclosed that it was a suitor for Capel. An official in Hong Kong said talks had been taking place over the past few weeks and were still continuing, but that no firm decisions were likely before the end of August.

Capel would not say whether any one candidate had emerged as the likely purchaser of a capital-boosting stake. "We've looked at various ways of raising finance, and we're being careful to keep our options open," said one partner, who also stressed that no deal was imminent.

Capel, ranked top last week in Continental Illinois' annual survey of stockbrokers' analysts, are one of the few large brokers who have not yet arranged a capital injection designed to make them competitive when traditional barriers between broking and market-making break down.

St. Helen's Insurance to be wound up

The directors of St Helen's Insurance Company have resolved to wind up the company. After taking account of reinsurance, St Helen's is estimated to have liabilities amounting to £3.5m against assets of approximately £1.5m.

The company was founded in 1952 and the largest shareholder was Thomas Stephens Poole, a Lloyd's broker now part of the Bain Dawes Group.

St Helen's wrote a general marine and non-marine account in London, exclusively through brokers. It experienced heavy losses in 1965 arising out of Hurricane Betsy, and as a result, a lifeboat operation was mounted in 1966 by a number of Lloyd's brokers who committed support to the extent of £1.41m

Fenner dividend promise

J. H. Fenner, seeking to ward off a bid from Hawker Siddeley, is promising shareholders a dividend increase next year, but is making no estimate of the current year's dividend.

For the year to last September, it paid a net 5p against 9p in the previous year. For the year beginning next month, it is forecasting 7.5p. But the miners' strike makes it impossible to estimate a dividend for the current year.

Hawker, which has strescsed Fenner's high level of borrowing at £35.8m last September, had argued that its debts would force Fenner to reduce dividends and capital spending. It also said Fenner would embark on a programme of asset sales and might have to raise cash through a rights issue.

Fenner, in a letter to shareholders yesterday, said it plans to reduce borrowings by 30 per cent over the next year. It does not envisage a rights issue.

Hawker argues that Fenner, a Hull engineering group, has had disappointing profits and share price preformance. Fenner argues that it is poised to show substantial growth in profits.

Hawker is offering two of its shares plus 405p in cash for every nine Fenner shares. The second closing date is on Thursday.

Barrow Milling

Barrow Milling Company, a Dublin-based flour miller, bottler, and soft drink maker, has asked its bankers to appoint a receiver following unsuccessful efforts to reverse its declining profitability.

The company has been struggling to retain its market share against increasing flour imports and falling profit margins. Its shares were suspended last week at 26p, valuing the company at £1.36m.

Barrow expects the receiver to continue negotiations which have been taking place with a number of parties to dispose of parts of the group in order to secure the jobs of its employees.

BIDS AND DEALS IN BRIEF

Ward and Goldstone has sold the fixed assets, patents and stock of its security products Pensec division to A and G Security Electronics for £220,000 cash subject to stock adjustment.

* * *

The offer by Midepsa for the whole issued ordinary share capital of Henlys has been declared unconditional in all respects. This increased offer will remain open for acceptance until further notice.

Acceptances have been received in respect of 4.19m ordinary shares in Henlys (representing 29.88 per cent) of the issued ordinary share capital.

On July 23, Coleman Milne (which is now a subsidiary of Midepsa) held 4.2m ordinary shares in Henlys (29.9 per cent). Accordingly, Midepsa presently controls 59.8 per cent of the Henlys' issued ordinary share capital, other than the shares referred to, no shares in Henlys have been acquired or agreed to be acquired by Midepsa (or any person acting in concert with Midepsa) during the offer period.

* * *

ACCEPTANCES OF the unconditional offers made on behalf of Hawker Siddeley Group for Charlton Indust. have been received for 7.49m shares, (99.87 per cent and 51.22 per cent respectively).

Ordinary shares held, together with the acceptances amount to 27.21m (99.96 per cent).

The offer for the ordinary shares has been extended until further notice. Sufficient acceptances of this offer have been received for Hawker to acquire compulsorily the outstanding ordinary.

The offer for the preference shares has closed.

* * *

Rodamco N-V has acquired 1.525m ordinary shares (5.19 per cent) in Haslemere Estates.

Epsley Trust plans divestment

BY RAY MAUGHAN

Epsley Trust, the property and construction group now evolving as an industrial holding company, is at an advanced stage of negotiations for the sale of a substantial part of its UK property interests. The accounts for the five month ended last December state that, "as a result of the existing debenture security held by one of the group's principal bankers, discussions are continuing concernings the structure of finance required during this period of divestment."

Mr Ronald Shuck, chairman, tells shareholders that Espley had anticipated a decline in UK institutional investment in property and "it is my view that existing investment properties show little prospect of real rental and capital growth, certainly for the foreseeable future."

"Certain property disposals may be implemented in a shorter time scale than originally envisaged," the chairman adds, "with some effect on achievable values. In consultation with our principal bankers, the funds thereby released would either serve to reduce borrowings or be employed more beneficially in other operations."

For the moment, though, the group's auditors, Coopers & Lybrand, note that the accounts have been prepared on the assumption what the negotiations and discussions with the banks "will be concluded satisfactorily and that the group will have adequate working capital for its needs."

The accounts show that net worth of £24.17m excluding unsecured loan stock is supporting short and medium term overdrafts and loans of £33.6m. However, after giving effect to post-balance sheet property disposals, net debt reduces to £23.7m. It remains Espeley's stated objective, Mr Shuck continues, "that there should be a progessive reduction in borrowings. We propose to achieve this by selling the property development companies or, alternatively, by continuing to dispose of the group's property assets in an orderly manner."

Fixed assets take in a £5.1m balance on investments other than loans which, in turn, includes unlisted investments worth £3.14m. Espley has sold a substantial portfolio of investment properties to a third party and the consideration was partly cash and partly dependent on the realisation and net income of the properties over a period of up to 21 years.

Turning to the subject of dividends and, in particular, the absence of the foreshadowed 1.375p net distribution, Mr Shuck explains that the board came to conclusion that payment of dividends totalling 6.225p per share for the 15 months "would have been too high in terms of the need to retain earnings for the future development of the group as it now is."

"We have felt it prudent to charge to profits the whole the whole balance of £758,000 advance corporation tax paid," Mr Shuck says, and "with the decision of the board not to pay a final dividend for 1983, I felt it incumbent upon me to make a personal contribution and have decided to waive the second interim dividend due on the entire holding of shares in Espley Trust under my direct or indirect control, which has reduced the amount payable by a total of over £350,000, including related advance corporation tax."

"The objective of your board is to achieve such a level of earnings as would justify dividends in line with other industrial holding companies," the chairman explains.

The accounts show that Consult International, a company controlled by Mr Shuck received £115,882 in December as a commission for underwriting almost 5m Espley shares in a rights issue that year. That issue was launched at 81p. The share price closed 2p down yesterday at 30p.

CONTRACTS

Multi-million oil rig technology agreement

ITM (OFFSHORE), Middlesbrough, has signed a multi-million pound licensing agreement with Baker Marine Corporation of Texas. The company says the agreement is expected to create over 200 new jobs in the North East and is valued at more than £100m per annum.

The agreement covers the supply of technical know-how and American transfer technology for the construction by ITM of self-elevating mobile oil rig platforms, platform rigs, drill ships and accommodation pack-ups for the offshore oil industry. In addition the Baker Marine will supply ITM with its patented platform jacking system on a worldwide basis. The agreement will run for an unlimited period.

Work on the first £20m self-elevating mobile platform began yesterday at the recently acquired ITM Head Wrightson heavy engineering complex. Assembly of completed sections will be carried out at ITM's Normanby Wharf installation.

In less than 10 years ITM has grown from a single UK based company with five employees into a diversified company operating worldwide. Moving large indivisible fabrications on land and sea was the initial expertise. Responding to demands for specialised equipment, ITM decided to provide custom built equipment. An example is "ITM Venturer," a cable-laying vessel, believed to be the first in the world to lay cable while travelling sideways.

Following the Falklands conflict the need for an instant port was identified. ITM won the contract with its "Flexiport" concept. A new division, ITM drilling services, will soon be in operation.

This year marks the tenth anniversary of Baker Marine Corporation. In 1975, the Baker family purchased IHC Holland Marine Corporation facility at Ingleside, Texas and the ETA Engineering Company in Houston, Texas. During the period 1974-84, Baker Marine Corporation has constructed 60 offshore rigs. Nearly 20 per cent of all existing jack-up rigs in operation today are Baker Marine rigs.

The company says that no stability or major structural mishaps have occurred to Baker Marine Corporation designed or constructed rigs during the past 10 years, either on location or under tow, and claims this is a record unmatched or surpassed by any other rig designer or builder.

*

TAYLOR WOODROW CONSTRUCTION has been awarded a further three contracts worth a total of £1.1m, by London Docklands Development Corporation. Work includes building an extension to an existing road, which will eventually link the Western Docks area with the main road into the City of London. Work on the £650,000 contract has started and is due for completion in October.

A £250,000 project to build changing rooms and clubroom for the East London Marine Venture has also been awarded and is scheduled for completion in March 1985. The building will have driven piled foundations and reinforced concrete ground beams and floor slabs. Other work includes roofing existing boat repair sheds, a new look-out tower and altering an existing building to provide storage and office space.

The third contract, worth £240,000 is for construction of a 384 metre brick wall, including special coloured arches and plinth features, topped by precast concrete coping units. This will provide a boundary to one side of the Western Docks area and is due for completion in September.

*

TAYLOR WOODROW CONSTRUCTION (SCOTLAND) has received a contract worth £506,000, from Strathclyde Regional Council for an extension to Balmalloch Primary School, Kingsway, Kilsyth, in the Dumbarton division of the Department of Education. Work, for completion in August 1985, involves an extension to the school and will be single-storey, housing classrooms, hall, administration offices, toilets and stores. The floor area is 1,100 sq metres and cladding will be brickwork.

*

METROPOLITAN SERVICES has won contracts worth over £1m. These—mainly in the London area—all involve extensive remedial treatment work and include the prestigious Theatre Museum at Covent Garden.

*

FAIRCLOUGH SCOTLAND has a contract worth nearly £500,000 from the Central Scotland Water Development Board to build a pumping station to transfer water from the Board's existing works at Glenhove to Garbethill tank north east of Cumbernauld. Fairclough will carry out the civil engineering and building, including pipework and electrical installations. Landscaping is included in the project, for completion by mid-1985. Fairclough Scotland is part of AMRC.

*

Bridge over River Ness

EDMUND NUTTALL has won orders totalling £8.25m. The largest job is for the £2.6m Friars Bridge at Inverness for the Highland Regional Council which will take the inner relief road across the River Ness. Among the most significant of the others is £2.3m further work associated with the Yiewsley Bypass for the London Borough of Hillingdon in preparation for future dualling, and contracts for the PSA at RAF Lossiemouth (value £863,000) and at RNAY Fleetlands, Gosport (value £512,000) where drainage works and public health services have commenced. Another award in Scotland is for a £320,000 reinforced concrete water storage tank at Dechmont for the Lothian Regional Council. Building subsidiary Mears Contractors contract by British Aerospace has been awarded a £779,000 for construction of a management and system engineering facility building at Stevenage and another at £466,000 for Delyn Borough Council for Phase II extensions and refurbishment of single-storey factories to form seven new factory units at Castle Works, Flint.

*

MUIRHEAD VACTRIC COMPONENTS, electro mechanical component system division of the Muirhead Group, has two defence orders for motor gearhead assemblies. An order for specialist assemblies to be fitted to the Racal Clansman aerial tuning unit is valued at £125,000. The second order is for high precision DC motor gearhead assemblies to be used on the Marconi Underwater Systems Sting Ray torpedo. This £875,000 order was placed by Lucas Aerospace and delivery is due to start in mid-August.

THORN EMI AUTOMATION has been awarded a contract, worth over £750,000, for power supply equipment for the United Kingdom Atomic Energy Authority. The transformer/controlled rectifier power supply equipment will be used on the toroidal magnetic field coil system of a plasma physics research experiment at Culham laboratory, and is designed to provide direct current pulses of various magnitudes up to 92kA at 450V dc with the capability of supplying 25kA continuously. The equipment will be on-site in early 1986.

*

COGENT, a technology transfer company backed by Legal and General, has placed a £320,000 contract with FULMER RESEARCH INSTITUTE to promote the research, development and production technology for sensors, transducers and other devices based on the polyvinylidene fluoride (PVdF) film marketed by Fulmer's subsidiary, Yarsley Technical Centre. Initial activity will be concentrated on applications in non-destructive testing and the medical/health care field. PVdF has particular advantages for high sensitivity high frequency NDT probes, in particular its specific response and wide band width characteristics. In medical health care applications the flexibility of the film, which enables large area characterisations to be made, is particularly advantageous.

*

SENIOR GREEN, Wakefield, formed in January by the merger of E. Green and Son, and Senior Economisers, has secured an order worth £2m. The order, placed by Burnley Paper and Board Mills, part of Dublin-based Jefferson Smurfit Group, is for the supply of two Senior Green A-frame, water-tube, coal fired boilers together with all associated plant and civil work including rebuilding a major part of the boiler house. Each boiler is capable of generating 40,000 lb/hr of superheated steam at 350 psig which will be fed to a 1 MW turbo-alternator and then pass out to the two paper making machines at low pressure.

*

PYE TELECOM has won a £65,000 order to supply communications equipment to Hereford and Worcester Ambulance Service.

*

FROUDE CONSINE, Worcester, has secured a contract worth more than £800,000 to provide a computerised, 18-bed diesel engine test facility for Stafford-based Dorman Diesels, part of the GEC Small Diesels Group. The company says the new test plant will permit engines to be tested to significantly higher standards of accuracy at a much faster throughput rate; with a computer-produced hard copy performance print-out provided for each engine, which range from 20 bhp to 1500 bhp.

*

SULZER BROS (UK), Farnborough, has been awarded a £3m turnkey contract by ICI Mond Division to re-equip Weaver power station at Runcorn with a 20 Mw gas turbine. Included is modification of an existing boiler, removal of an old Sulzer 7 Mw gas turbine, civil works, contruction and commissioning. This will provide power and steam for chlorine and caustic soda production at ICI's Castner Kellner Works, at Runcorn. Start-up is scheduled for October 1985. For Sulzer this will be the launch of its new 20 Mw Type 10 gas turbine, claimed to have an overall thermal efficiency of over 33 per cent.

APPOINTMENTS

New chief at Heron Motor

HERON MOTOR GROUP has appointed Mr Colin Robinson, managing director. He joins the company from Cape Industries, where he was managing director, Cape Universal Claddings, one of three manufacturing companies within the group. He replaces Mr John Turner, a Heron main board director, who still retains ultimate responsibility for Heron Motor Group. Mr Robinson will assume corporate responsibility for achieving suitable revenue and profit targets for Heron Motor Group which comprises Herondrive, which specialises in fleet car sales, and all the company's franchised outlets including H. R. Owen.

*

CIFER has appointed Mr Ian Burdess to its board as technical director. He joined Cifer in September 1982 as design services manager from the University of Durham, where he was the deputy director of the microprocessor centre.

*

Mr F. Roger Hurn, chief executive of Smiths Industries, has been appointed a non-executive director of PILKINGTON BROTHERS. He is a non-executive director of Ocean Transport & Trading.

*

Mr John Begbie has been appointed finance director of McCARTHY AND STONE. He was previously finance director of Barratt South London. He takes over from Mr John Gray who has been appointed commercial director to investigate and appraise new ventures in the elderly persons industry.

*

Mr Roger Nex has returned from Singapore where he was a resident director of Bassett and Oscar Faber Pte. He has been appointed a director of OSCAR FABER CONSULTING ENGINEERS, St Albans. Mr Jack Gura and Mr Bill Williamson have retired as directors of The Oscar Faber Partnership and have been appointed consultants.

*

EMSTAR, Energy Management Services Technology and Resources, part of Shell UK, has appointed Mr John Ashcroft, marketing director; Mr Adam Rendall, finance director and Mr Kim MacKenzie, technical director.

*

VS TECHNOLOGY GROUP has appointed Mr J. D. Johnson chairman. Mr Johnson replaces Mr G. P. Brown, who founded the company in 1954 and who is to retire from the board at the annual meeting. Mr Johnson was formerly a director of TI Group, and is currently chairman of ERA Technology.

*

SLS ENVIRONETICS has made the following appointments: Mr Donald Sim, formerly managing director, has been named vice-chairman with responsibility for development. Mr Graham Smart has been appointed director of marketing, and Mr Peter Ullathorne director of production.

*

Mr Jeff Harrison has been appointed finance director of UEI and has joined the main board as an executive director. He is finance director of the Micro Consultants Group, a major subsidiary of UEI.

*

BANKERS TRUSTEE COMPANY, the wholly owned subsidiary of Bankers Trust Company of New York, has appointed Mr David Douglas Rae Smith, formerly senior partner of Deloitte Haskins and Sells, as non-executive deputy chairman.

*

Mr Julian Masters, sales and marketing manager, has been elected to the board of HICK HARGREAVES AND CO., Bolton, a wholly-owned subsidiary of the EIS Group.

*

BANK LEUMI (UK) has made the following changes: Mr Michael Levene, formerly manager of the Edgware branch, becomes manager of the West End branch. Mr Jack Shebson, formerly manager of the City branch, becomes manager of the Edgware branch, while continuing as company secretary. Mr Eric Edles, formerly head of West End branch credit, becomes manager of the City branch. Mr Geoffrey Wisenfeld remains deputy general manager. He previously combined these duties with those of West End branch manager.

*

Mr Donald T. Barnes, has been appointed managing director of newly-established information systems consultancy, a division of FAIRWAY INFORMATION SYSTEMS. Mr E. G. Smith, Mr P. A. Smith and Mr R. W. Seamer become directors.

*

Mr Mike Kobuta has been appointed commercial director of McCORQUODALE CONFIDENTIAL PRINT, and Mr Keith Day becomes production manager.

*

PRIME COMPUTER (UK) has appointed Mr Bill Griffiths as national sales director, and Mr Mike Newton as sales support director.

*

Mr John Durston has been appointed managing doirector of MARDON FLEXIBLE PACKAGING, a member of the Mardon Packaging Group.

*

Mr J. A. Davies, at present regional director and general manager, LLOYDS BANK, South Midlands region, is to become the treasurer of Lloyds Bank International with responsibility for exchange and money market division. He will succeed Mr A. E. Moore who (as reported on August 2) has been appointed group treasurer of Lloyds Bank.

*

Mr James Moffat has been appointed deputy managing director of WEDGWOOD, following the retirement of Mr Peter Williams, deputy chairman and joint managing director. Mr Moffat joined Wedgwood in 1966 and since January this year has been assistant managing director.

*

Mr D. A. Butler has been appointed an associate director of C. E. HEATH AND CO. (INTERNATIONAL).

*

Mr Robin Duff will become chairman of the AIR TRANSPORT USERS COMMITEE on January 1 in succession to VISCOUNT GARNOCK. Mr John Cox will succeed Mr Duff as deputy chairman. Mr Duff is a hotelier in Aberdeenshire and president of the Scottish Ballet. Mr Cox is managing director of Scholastic Publications.

*

Mr Kenneth Hutton is to be the new general manager of PETERBOROUGH DEVELOPMENT CORPORATION from December when the present general manager, Mr John Beckett, reaches retirement age. In the meantime, Mr Hutton—who has been chief engineer since the corporation was established in 1966 — has been appointed deputy general manager.

*

Mr Paul Hughes has been appointed chairman of VISNEWS. He was director of finance at the BBC until his retirement earlier his year, and served as the first chairman of BBC Enterprises when the company was incorporated in 1979. He has been a member of the Visnews board since March.

*

Mr Keith Cresswell has joined VALIN POLLEN as an associate director and group head. For over six years he has been with McCann Erickson Advertising where he was head of McCann London International and a group director since 1982.

*

Dr Charles Reece, research and technology director of ICI, has joined the board of APV HOLDINGS as a non-executive director. Mr David Shore, an executive director since 1977, has been appointed technical director with responsibility for technical development and R & D throughout the group. Mr Shore will remain chairman of APV International.

*

Mr John Crosland has been appointed to the board of BRYANT HOLDINGS as a non-executive director. As a director of Robert Fleming, financial advisers to Bryants, he has been associated with the company for six years. He is also a director of The Bankers Investment Trust, The Fleming Japanese Investment Trust, Hunting Group, and United Parcels.

*

BRITISH LINEN BANK, Edinburgh-based merchant bank, has appointed Mr Charles Young, a manager in the corporate finance department, as an assistant director, corporate finance. Mr Paul Norris becomes manager, corporate finance. He was in the London office as manager, business development.

*

Mr David Renshaw, north west regional director for the Department of the Environment and Transport, is to take over as head of the MERSEYSIDE TASK FORCE, set up by Mr Michael Heseltine when he was "Minister for Merseyside," and aimed at generating new initiatives and improving economic and social conditions. Mr Renshaw takes over from Mr Eric Sorensen who has been in charge since the inception of the task force following the Toxteth riots.

*

Mr Malcolm Cooper has been appointed general manager of Jointine Products, North Hykeham, a WIGGINS TEAPE company. He takes over from Mr Roy Taylor who has been appointed managing director of WT Belgium.

*

Mr Clive Lindley, founder of ROADCHEF, has resigned from the chairmanship. Mr Patrick Gee, the managing director, takes over this post. Roadchef's management team carried out a buy-out of the company last year from Mr Lindley's LCI Group and he agreed to remain as chairman for a short period.

*

Mr John Mawhinney is joining the main board as deputy managing director of TRIDENT LIFE ASSURANCE COMPANY. He is currently director of finance at Hartford Europe Life, controlling body of a number of European subsidiary companies of ITT Corporation, including Abbey Life.

*

FACTORS TRUST, asset financing subsidiary of the P & O Group's banking division Twentieth Century Banking, has appointed two directors-designate. Mr Nigel M. Coswell-Crosse, previously UK development manager, has been appointed director-designate business development: and Mr J. Doug Edmondson has been appointed director-designate portfolio management, having joined the company from Kellock Factors.

LADBROKE INDEX
Based on FT Index
828-832 (−8)
Tel: 01-493 5261

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12½%	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Lloyds Bank	12 %
Banco de Bilbao	12 %	Mallinhall Limited	12 %
Bank Hapoalim BM	12 %	Edward Manson & Co.	13 %
BCCI	12 %	Meghraj and Sons Ltd.	12 %
Bank of Ireland	12 %	Midland Bank	12 %
Bank of Cyprus	12 %	■ Morgan Grenfell	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd.	13 %
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson & Co.	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Permn't Trust	12 %	Royal Trust Co. Canada	12 %
Cayzer Ltd.	12 %	■ J Henry Schroder Wagg	12 %
Cedar Holdings	12 %	Standard Chartered	‖12 %
■ Charterhouse Japhet	12 %	Trade Dev. Bank	12 %
Choulartons	12½%	TCB	12 %
Citibank NA	12 %	Trustee Savings Bank	12 %
Citibank Savings	¶12 %	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd	12¾%	Volkskas Limited	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser	12½%		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1-month 9.50%. Fixed rate 12 months £2,500 10.75% £10,000. 12 months 11%.
† 7 day deposits on sums of under £10,000 8¾%. £10,000 up to £50,000 9¾%. £50,000 and over 10%.
‡ Call deposits £1,000 and over 8¾%.
‖ 21-day deposits over £1,000 9¾%.
§ Demand deposits 8¾%.
¶ Mortgage base rate.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

John Ffowcs Williams (left and Jack Lang: bikes and coffee — Ashley Ashwood

A relaxed thinktank

Peter Marsh explains why Topexpress fosters academic links

"THE WORLD," says Jack Lang, director of a small UK company called Topexpress, "is composed to two sorts of people.

"There are those who like to go to work in a car and arrive at a big headquarters building. And there are those who prefer to travel by bike and go shopping at lunchtime.

"While they are at work, the second type like to drop in on colleagues, have a chat and drink a cup of coffee."

Lang's organisation caters expressly for this second group of people. The company earns some £2m a year by selling consultancy services in computer technology. At any given time, it may be working on a couple of dozen projects, some of which involve hair-raisingly difficult problems such as the analysis of sound vibrations from engines or the calculation of safety margins for nuclear reactors.

The main tools of Lang's staff of 40 are powerful computers dotted around the company's six small offices, all a few hundred yards from each other in the centre of Cambridge.

The atmosphere is free and easy. Staff wander in and out, some of them to part-time teaching jobs at the university. Each of the individual offices — the company has rented further space as it grew — has a coffee room in which employees can spend half an hour away from the computer screen.

The company dispensed with a permanent accountant some time ago. Instead, Lang, who is 38, employs a person to check over the company's finances once a quarter.

Even the organisation's title reflects this relaxed approach. Topexpress was bought "off the shelf" from an organisation that registers company names when Lang started the business six years ago.

"It is a very silly name," admits Lang. "But we have never changed it because we cannot think of anything better."

All but six of the employees are graduates, many with PhDs or equivalent qualifications, from the disciplines of computers, mathematics and engineering. Customers for the work of Topexpress include government agencies such as the Ministry of Defence and big companies that employ the company to work out solutions to specific industrial problems.

A common theme is that many of these industrial jobs involve the building of computer models, for example to simulate the signals obtained from seismic instruments drilled into the earth in a search for oil wells.

Topexpress also works in the area of active acoustic control, in which computers plot the frequency and pattern of sound waves that act as "antinoise" in dampening, for example, the sound of industrial plant.

Many of the staff have strong links with the scientific and engineering departments of Cambridge University. Five employees are fellows of Cambridge colleges. Lang's co-director (with whom he founded the company) is Professor J. E. Ffowcs Williams, an expert in acoustics from the university's engineering department.

Lang, who owes his own diploma in computer science to his ability to program a machine to play the Japanese game "GO," says that the company is run as much as possible like an academic establishment.

"Some companies are divided into rigid hierarchies and are based on the idea that their employees do not really want to work. We treat our staff as men and women who will work if they are allowed to. If we become bigger, it may be difficult to keep this way of operating — but in my view it will be vital that we do so, if necessary by deliberately splitting up the organisation into small groups."

Topexpress is growing at the rate of about 10 new employees a year. Lang says it is difficult to obtain suitable recruits. The number of people graduating from UK universities in advanced computing disciplines can be reckoned, he says, in the "low tens."

"We are constrained by the number of people who are both good enough to work for us and who will be willing to be employed for UK salaries."

The recruiting difficulties are one reason why Topexpress's employees are encouraged to hold teaching jobs at the university. "We regard our academic contacts as very important," says Lang.

Topexpress's two directors own 51 per cent of the shares in the company, with the rest held in a trust fund for the benefit of employees. Staff are also included in a profit-sharing scheme.

Lang started Topexpress after several years at Cambridge University's computer department and after an earlier, failed, attempt to make a success of another company called Toltec. He says that the cultural background in Cambridge, which encourages an interaction between the academic and commercial worlds, was an important influence in persuading him to move into industry.

"I could see in Cambirdge many examples of people who were well and happy and working on interesting scientific applications in business. And there was the added challenge in putting my ideas to an economic test to see if people would pay for them."

Study urges moves to improve small business skills

BRITAIN'S Chambers of Commerce should be given legal status and some state financial support. Membership, or at least registration, should be compulsory for all enterprises in each chamber's area. This would provide a basis for accelerating the currently slow process of rationalisation among Britain's trade associations and the introduction by associations of tests of technical and business competence of firms as a condition of membership.

These are among the recommendations made in a study published last week comparing "craft enterprises" in the UK and West Germany. The study, written by Alan Doran of the Economists Advisory Group for the Anglo-German Foundation, paints a vivid picture of the fragmentation of Britain's small and medium-sized company sector and the dearth of information and statistics, in contrast with the highly structured situation in West Germany, where a wealth of data gives an insight into the contributions of different "craft" sectors and their relative contributions to the German economy.

The overall objective of changes recommended, says the author, is "to bring up small skill-intensive businesses in the UK to a new technical and entrepreneurial competence, at the same time allowing them to contribute more effectively to the skill format of the new entrants to the labour force.".

While Government and voluntary initiatives in recent years in the UK are acknowledged, the study criticises the lack of framework in which they are introduced and argues that small firms voluntary organisations and associations are "over-numerous, often overlapping, relatively low in coverage, weak in resources (and) forming a complex, interlocking but unsystematic and fundamentally ineffective network of representation."

"By contrast, the Handwerk sector in Germany is strong," says the study. There is a comprehensive and orderly organisational structure covering all Handwerk firms, with statutory backing.

Any comparison between the small and medium-sized company sectors of the UK and West Germany are to an extent hampered by problems of definition. A "craft enterprise sector" is not recognised in the UK, which makes it difficult to distinguish the contribution to the economy of such companies from that of small companies generally. But, says the study, in broad quantitative terms, craft enterprises accounted for 4 to 6 per cent of national economic output in 1979. In Germany, where "Handwerk" embraces a diversity of activity from furniture and clothing manufacture to foods, and from radio, TV and telephone services to building trades, the sector accounts for just over 10 per cent of the national output.

There are about 2½ times as many Handwerk firms in Germany as the UK, though the ratio of employment is about the same. "Crude comparisons of productivity suggest that, while there is much more variation between sub-sectors in Germany, on average the German firms are about twice as efficient in their use of manpower."

Banking

The study suggests that the decentralised and fragmented banking system in Germany helps to serve the needs of local Handwerk firms and that there are "substantial public sector funds" available. In Britain the Big Four banks still dominate the supply of funds to very small firms, and have "only recently" developed particular marketing approaches.

It is also argued that German bank managers have two advantages over their British counterparts: one, they have greater local knowledge and discretion on lending; two, the owner of a Handwerk firm will have attained a high standard of practical and relevant business and technical education (this is required by law before anyone can start such a firm). While each has to judge entrepreneurial skill, character and soundness of project, the British bank manager "usually has also to try and evaluate the technical and business skills of his client."

Craft Enterprises in Britain and Germany: a sectoral study. Available from the Anglo-German Foundation, 17 Bloomsbury Square, London WC1A 2LP, price £9.50.

BUSINESS Expansion Scheme funds continue to pull in the money. Recently closed for subscription was the Electra Risk Capital III fund, which attracted £2.1m and which Michael Walton, Electra Risk Capital's managing director, expects to be invested by April 1985, "because of the continuing flow and quality of investment proposals being received."

Meanwhile, Arbuthnot Fund, launched by Arbuthnot Investment Management Services and managed by Capital Ventures, has extended its closing date to August 17, although "we are well ahead of our minimum requirement for the fund," says John Magnay, of AIMS.

●

A WHITBY Business Development Agency is being set up in the North-East with the support of Action Resource Centre (West and North Yorkshire) and Business in the Community (North East) as a move to assist in the regeneration of the local economy.

The agency is being set up with the support of the Whitby community, a feasibility study having been commissioned from Roger, Tym and Partners by Scarborough Borough Council, Whitby District Council, and North Yorkshire County Council.

BIC will advise on the constitution of the agency and will mobilise support among local businesses and national businesses with particular interests in the area.

In brief...

ARC, which for over a decade has channelled skills of business and industry into local community projects and small business advice centres, mainly through secondment, has arranged the secondment of Dr Peter Horn from ICI to be first director of the new Whitby agency. Dr Horn is product and market development manager with ICI petrochemicals and plastics division at Wilton.

●

A DIRECTORY of non-retail businesses, designed as a source-book for local products and services, has been launched by the Northamptonshire Chamber of Commerce and Industry. The directory gives details of 3,000 companies of all sizes.

The NCCI has made the directory open to every non-retail business free of cost, and further entries, also free of cost, will be available to all eligible companies as they make themselves known. Those included get a free copy, with further copies available at half-price the first edition cost. Available from Simon Sperryn, chief executive, NCCI, 65 The Avenue, Cliftonville, Northampton NN1 5BG. Price £6 to those not included.

●

PRIZE-WINNERS just announced in two separate small firm competitions involve activities normally far removed from one another. Angela Searle and Sarah Grant are the recipients of prizes worth £7,000 in the She magazine/Lloyds Bank Small Business competition, while Eltek Semiconductors, which supplies silicon chips to the European electronics industry, has been awarded a special achievement prize by the Council for Small Industries in Rural Areas.

Searle and Grant formed ACS Designs 18 months ago in Northchurch, Hertfordshire to design and make protective domestic clothing, initially for children. First outfits were a waterproof painting smock and optional matching trousers. Selected by the Design Centre in London, orders have been received from major stores such as Harrods, Selfridges and the John Lewis Partnership.

Eltek Semiconductors, which is set to turn over £1m this year having been set up less than three years ago, won the Small Industries Award competition staged by CoSIRA's Devon Committee to find a county-based firm which has made the most progress in the last three years.

A piece of engraved Dartington crystal is the prize won by the company, which is run by three partners, Graham Richards, Graham Lewis and Malcolm Thomas, former colleagues in a major electronics company.

Today the company employs 20 people and to cope with its increasing business it is negotiating with English Estates to take over an additional 3,000 square feet of units.

Management abstracts

The burden on the small business. I. H. Davison in Certified Accountant (UK), Sept. '83.
Looks at the complaint that disclosure requirements place unnecessary burdens on small companies, and examines accounting standards which could affect small businesses; suggests that some will have no practical effect, while others are necessary; argues that the revised version of the inflation accounting standard must apply to all companies, irrespective of size.

Balancing the family and the business. P. G. Holland and W. R. Boulton in Business Horizons (U.S.), March-April 84
Describes the characteristics of the family business and the family constraints which can affect business operations; points to likely areas of conflict, and suggests that effective managers in family concerns are those able to assess their own power bases.

Accountants for small businesses. P. Chaplin in Accountancy Age (UK), Feb 23 1984
Advises shopping around, obtaining "sales pitches" and quotations, choosing horses for courses, and complaining if service is not up to scratch.

Redirecting management education and training resources. G. Meredith in International Small Business Journal (UK), spring 1984
Argues that many programmes aimed at the smaller business sector fail to identify their target audiences, and use inappropriate materials and methods of presentation; recommends that training programmes should be geared to small business needs, and that experience and competent presenters/relevant curricula and teaching methods are critical to success.

Training for the small retail business. D. Kirby in International Small Business Journal (UK), spring 1984
Discusses the plight of smaller retailers, particularly in rural communities, and reports on the results of an experimental training and advisory service offered to retailers in mid-Wales. Concludes that such courses can help improve the viability of small traders in both rural and urban areas, enhance managerial efficiency, reduce costs and provide a better understanding of stock control, pricing, layout, and sales promotions.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, P.O. Box 23, Wembley HA9 8DJ.

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FINANCIAL TIMES

Tuesday August 7 1984

Italy takes plunge into floating rate note pool, Page 30

ØØ

WALL STREET

Further strength displayed

WALL STREET opened for trading with a further rush of buying orders yesterday, and stocks chalked up another round of substantial gains before a sudden withdrawal of buying support in the latter part of the session left prices little changed from their pre-weekend levels, *writes Terry Byland in New York.*

Turnover remained very heavy, and there were signs that retail buyers had followed the institutions into the market. The bout of profit-taking was hardly unexpected after the strength of the previous three trading sessions, and the Dow 1200 mark proved a resistance level.

The bond market, however, fell by more than a full point ahead of this week's auctions of $16.75bn of Treasury securities.

The Dow Jones industrial average, more than 21 points up at one time, closed with a net gain of 0.88 at 1,202.96. Volume of 204.6m shares was down from Friday's 236.6m but still the second highest daily total on record.

In the stock market, the NYSE ticker tape often lagged behind the trading floor by 20 minutes or more, indicating a preponderance of small share deals, a sign that private investors were active. Turnover on the American Stock Exchange, where private investors play a dominant role, reached an all-time record of 4.9m shares in the first hour.

Market strategists were hesitant to describe the upturn in stocks as a new bull market but most urged their clients to take advantage of a strong rally which could continue for several months. However, the stock market would still like to see a further fall in yields in the bond market.

IBM and Ford Motor stood out strongly, and there was further demand for stocks in the airlines, railways and brokerage houses. Merrill Lynch topped the *active list in early trading, jumping by* $1⅜ to $33¼ after news that it is offering to acquire Becker Paribas, the Wall Street securities trading firm owned by Paribas, the nationalised French bank.

A further gain of $⅝ took IBM to $123⅝ representing a recovery to the levels of early January when the stock market was touching its all-time peak. IBM stock peaked at $134¼ in February.

With car sales still booming, Ford Motor jumped $2 to $44⅞, and General Motors at $75 showed a similar gain. Chrysler lagged slightly at $30⅝, a gain of $⅝.

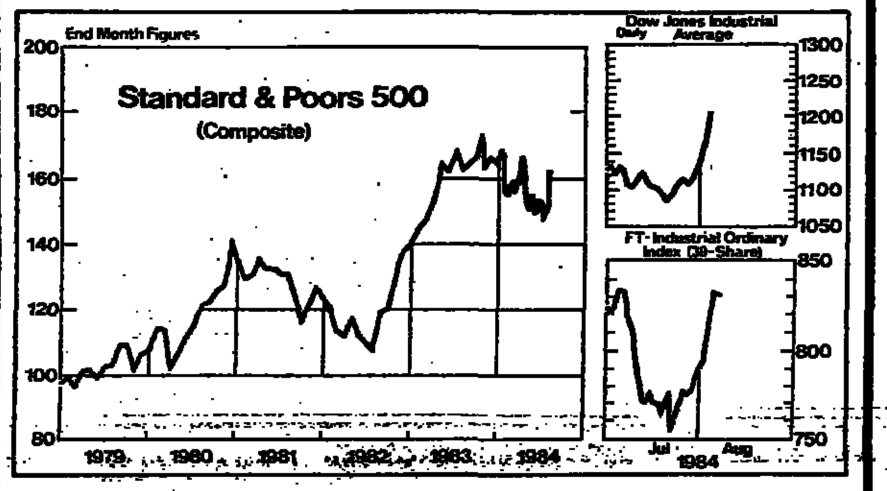
Airline issues continued to soar, led again by AMC (American), which put on $2 to $32⅛ in heavy turnover. Delta at $35⅝ gained $⅝, and United at $41⅝ put on $1⅝.

Among stocks likely to benefit quickly from lower interest rates, American Express added $⅝ to $33½ in heavy turnover. Sears, with substantial finance interests, was selected and gained $1⅜ to $36.

In the bond market, which faces a major test on Thursday when the Treasury will auction $4.75bn in 30-year bonds, yields began to move up in nervous trading. Pre-auction trading saw the yield on the issue at 12.60 per cent. The three-year Treasury note due for auction today was offered on a yield of 12.45 per cent, after dipping to 12.34 per cent on Friday when the World Bank was believed to be a buyer of $1bn of the $6.5bn for sale. The seven-year notes for auction tomorrow offered a 12.65 per cent yield.

The short end remained very firm behind a federal funds rate of 11⅝ per cent. Three-month Treasury bill rates *added seven basis points to 10.58 per* cent, and six-month bills four basis points to 10.65 per cent. Money market rates rose by around 10 basis points.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug. 6	Previous	Year ago
DJ Industrials	1,202.96	1,202.08	1,183.29
DJ Transport	528.57	525.67	542.43
DJ Utilities	126.40	126.49	125.09
S&P Composite	162.60	162.37	161.74
LONDON			
FT Ind Ord	830.3	831.4	721.3
FT-SE 100	1,061.4	1,065.0	970.7
FT-A All-share	499.14	499.43	452.02
FT-A 500	540.05	540.34	492.74
FT Gold mines	538.3	514.4	624.7
FT-A Long gilt	10.87	10.85	10.88
TOKYO			
Nikkei-Dow	10,431.09	10,233.61	8,946.66
Tokyo SE	884.71	787.24	659.06
AUSTRALIA			
All Ord.	736.6	713.0	680.9
Metals & Mins.	465.2	440.1	596.5
AUSTRIA			
Credit Aktien	53.29	53.39	55.31
BELGIUM			
Belgian SE	149.78	148.62	132.04
CANADA	Aug 6	Prev.	Yr ago
Toronto			
Metals & Minls	closed	1,905.4	—
Composite	closed	2,303.9	2,435.5
Montreal			
Portfolio	115.47	114.56	119.79
DENMARK			
Copenhagen SE	194.09	189.63	166.07
FRANCE			
CAC Gen	162.7	162.4	131.4
Ind. Tendance	105.4	105.4	83.1
WEST GERMANY			
FAZ-Aktien	336.17	335.38	325.84
Commerzbank	978.6	974.2	964.2
HONG KONG			
Hang Seng	903.47	894.6	1,028.25
ITALY			
Banca Comm.	211.97	209.24	199.12
NETHERLANDS			
ANP-CBS Gen	159.4	157.4	139.6
ANP-CBS Ind	128.5	126.9	112.9
NORWAY			
Oslo SE	265.08	260.26	201.75
SINGAPORE			
Straits Times	994.87	965.36	923.77
SOUTH AFRICA			
Golds	939.6	921.7	855.0
Industrials	898.6	875.1	937.0
SPAIN			
Madrid SE	141.05	138.94	119.29
SWEDEN			
J & P	n/a	1,517.89	1,499.2
SWITZERLAND			
Swiss Bank Ind	373.5	369.5	346.3
WORLD	Aug 3	Prev	Year ago
Capital Int'l	179.5	174.4	176.9

GOLD (per ounce)

	August 6	Prev
London	$350.25	$348.375
Frankfurt	$349.25	n/a
Zürich	$349.25	$349.25
Paris (fixing)	$352.67	$348.74
Luxembourg (fixing)	$351.40	$345.65
New York (Aug.)	$348.80	$350.40

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Aug 6	U.S. DOLLAR Previous	STERLING Aug 6	STERLING Previous
$	–	–	1.3175	1.3275
DM	2.885	2.861	3.805	3.795
Yen	243.05	241.8	319.75	320.5
FFr	8.8525	8.7905	11.665	11.67
SwFr	2.421	2.406	3.19	3.1925
Guilder	3.259	3.2315	4.295	4.285
Lira	1772.0	1760.0	2329.0	2335.0
BFr	58.375	57.855	76.75	76.95
C$	1.30725	1.30725	1.7225	1.7335

INTEREST RATES

	Aug 6	Prev
Euro-currencies (3-month offered rate)		
£	12¹⁄₁₆	11¹⁵⁄₁₆
SwFr	4¹¹⁄₁₆	4¹¹⁄₁₆
DM	5¹³⁄₁₆	5¹³⁄₁₆
FFr	12	12
FT London Interbank fixing (offered rate)		
3-month U.S.$	11¹³⁄₁₆	11¾
6-month U.S.$	12⅛	12¹⁄₁₆
U.S. Fed Funds	11⅝*	11⁹⁄₁₆
U.S. 3-month CDs	11.40*	11.25
U.S. 3-month T-bills	10.53*	10.45

U.S BONDS

Treasury		August 6* Price	August 6* Yield	Prev Price	Prev Yield
12⅝	1986	100¹⁶⁄₃₂	12.27	100⁸⁄₃₂	12.48
13¾	1991	105⁵⁄₃₂	12.59	104¹⁸⁄₃₂	12.74
13⅛	1994	102²¹⁄₃₂	12.58	102⁴⁄₃₂	12.73
13¼	2014	105²²⁄₃₂	12.51	104¹⁷⁄₃₂	12.66

Corporate	Aug. 6* Price	Aug. 6* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	89⅝	12.90	89⅝	12.90
3⅞ July 1990	71.00	10.60	71.00	10.60
8¾ May 2000	72⅞	12.80	72⅞	12.80
Xerox				
10⅞ March 1993	87¼	13.15	87¼	13.15
Diamond Shamrock				
10⅝ May 1993	86⅝	13.25	86⅝	13.25
Federated Dept Stores				
10⅞ May 2013	90.342	13.30	90.342	13.30
Abbot Lab				
11.80 Feb 2013	89.00	13.30	89.00	13.30
Alcoa				
12¼ Dec 2012	89.00	13.30	89.00	13.30

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	65–06	65–24	65–05	65–31
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.42	89.50	89.40	89.56
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.39	88.58	88.38	88.65
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.32	88.51	88.27	88.51
20-year Notional Gilt £50,000 32nds of 100%				
Sept	102–25	103–09	102–15	102–30

COMMODITIES

(London)	August 6	Prev
Silver (spot fixing)	580.05p	570.55p
Copper (cash)	£1,013.50	£1,010.00
Coffee (July)	£2,228.50	£2,243.50
Oil (spot Arabian light)	$27.35	$27.28

LONDON

Old worries come back to the fore

AN ATTEMPT to extend last week's spectacular advance in London lacked conviction yesterday as market values reacted from enhanced-opening levels.

The favourable effects of Wall Street's performance on Friday were negated by concern over renewed uncertainty in the oil markets, aroused by reports of falling crude oil prices and a slipping sterling exchange rate against the dollar. The FT Industrial Ordinary index mirrored the day's movements, rising 3.1 initially before closing a net 1.1 down at 830.3. The FT-SE 100 turned 3.6 lower to 1,061.4.

Among oils, BP moved 7p down to 448p, Lasmo was 8p off at 272p and Ultramar shed 10p to 235p.

Moving against the trend were Debenhams and Home Charm in stores, both 6p higher at 182p and 148p respectively, while recent North American favourite ICI moved 12p to 598p.

Profit-taking was a major factor in the retreat in government securities. Consideration of the latest £1bn funding brought pressure to bear on shorts with falls stretching to ⁷⁄₁₆. Index-linked issues, however, benefited from hedging against higher inflation and achieved gains extending to ⅞.

Chief price changes, Page 22; Details, Page 23; Share information service, Pages 24–25.

HONG KONG

CONFIDENCE over the future of the colony buoyed Hong Kong investors, the Hang Seng index pushing past the psychologically important 900 barrier with a rise of 8.87 to 903.47.

Although hopes that local interest rates might be cut proved premature, *most industrial leaders gained during* the session. Cheung Kong was 10 cents up at HK$8.15, Hutchison Whampoa rose 20 cents to HK$10.70 and Jardine Matheson improved 15 cents to HK$7.25.

A strong performance was recorded by Hongkong Telephone, up HK$1.25 to HK$42.25, while Hongkong Land, at HK$2.67, was one of the few shares to finish unchanged.

AUSTRALIA

BULLISH sentiment from abroad encouraged Melbourne investors to extend last week's rally with a further 23.7 point rise in the All Ordinaries index to 736.6. The closure of the Sydney exchange for a local bank holiday depressed trading volume, however.

BHP led the advance with a 50 cent gain to A$10.65, and CSR improved 20 cents to A$3.50. The oil and gas sector was firmer as Santos rose 26 cents to A$5.90, and Ampol Exploration 10 cents to A$2.90.

SINGAPORE

PERSISTENT buying support boosted Singapore higher yesterday with the Straits Times index gaining 29.51 to 994.87, the best single-day advance in three years. Turnover hit a record 39.6m shares.

OCBC put on 60 cents to S$10.60 as the bank reported a 7.67 per cent rise in six-month net profit to S$68.3m. Other banks improved, with UOB 27 cents firmer at S$5.25 and Malayan Banking 35 cents ahead at S$9.30.

SOUTH AFRICA

PROFIT-TAKING trimmed early gains among Johannesburg gold shares as the stronger bullion price firmed sentiment.

Buffels held on to a R4.50 rise to R72.75, while Hartebeestfontein added R2 to R10 and Vaal Reefs closed 50 cents firmer at R157.

Mining financials and other mining stocks reflected the gold trend with De Beers 35 cents up at R9.15.

CANADA

THE MAJOR market indices in Montreal showed continued firmness despite the closure of the other Canadian exchanges.

Base metal mining and mineral groups made steady progress with the industrials and forest product sectors moving ahead. Banks and utilities managed to score more modest rises.

TOKYO

Blue chips fade despite strong rally

SPURRED by the strong rally on Wall Street late last week, the Tokyo market advanced for the fourth straight session yesterday, although buying of blue chips weakened slightly, *writes Shigeo Nishiwaki of Jiji Press.*

Demand for electricals and precision instrument issues lost momentum, but motor manufacturers and related issues, together with incentive-backed speculatives continued to be sought.

The Nikkei Dow market average added 45.97 to 10,431.09, gaining 482.69 points over the past four trading days. But volume dwindled to 244.7m shares from last Friday's 364.35m. Advances led declines 340 to 297, with 132 issues unchanged.

The bullish tone had persisted in early trading yesterday, but recent rapid rises in prices discouraged buying of blue chips. Investors became generally inactive, awaiting a further lead from Wall Street.

There was also concern about non-residents' portfolio investment in Japanese stocks. Non-residents have been net sellers for six months, with their net sales of issues listed on the first and second sections of the Tokyo stock exchange reaching Y1,702.9bn.

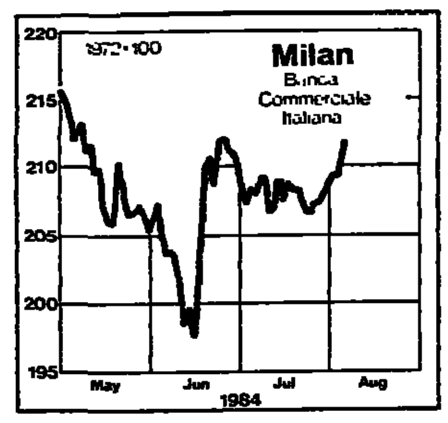
However, foreign purchase orders placed with major securities companies began to outpace sales in the latter half of last week, raising investor expectations that foreigners would return as net buyers.

Although the popularity of blue chips faded, Honda Motor advanced to another all-time high of Y1,490, up Y80 from last Saturday, on volume of 14.87m shares, the day's largest. The increase reflected the motor manufacturer's strong passenger car sales in the U.S. Toyota rose Y30 to Y1,480, and Nissan Motor Y17 to Y641 in sympathy.

Also sought were motor parts makers. *NGK Insulators firmed Y35 to hit a record* high of Y855, with the day's second busiest turnover of 8.59m shares, followed by Stanley Electric, which added Y20 to Y819, with 6.27m shares, the third largest.

The bond market firmed. Two major trust banks placed buy orders for 7.3 per cent government bonds due December 1993 worth about Y10bn each to push down the yield sharply to 7.50 per cent from 7.57 per cent.

However, the yield slide encouraged profit-taking by some city banks, boosting the yield on the barometer 7.5 per cent government bonds maturing in January 1993 to 7.26 per cent from 7.25 per cent.



EUROPE

Hesitancy puts check on advance

INVESTORS in many European centres paused for breath yesterday amid expectations that the strong advances built on the back of Wall Street's performance in the latter part of last week could not be sustained.

There was also a widespread view that New York was unlikely to continue its rapid improvement for another session, and this was reflected in profit-taking which left shares on many bourses off their best levels of the day.

In the event, Wall Street's continued strength during the early part of its session, while European markets were trad*ing, was seen as a vindication for those* investors who continued as buyers.

However, analysts predicted that the European advance, based on improved sentiment rather than any change of market fundamentals, was now likely to take a more measured tone than has been seen in recent sessions.

Early gains in **Frankfurt** were trimmed in the absence of follow-through buying orders from abroad, and the Commerzbank index added 4.4 to 978.6, though turnover fell back sharply from the levels seen on Thursday and Friday.

Department store chain Horten added DM 6 to DM 171 amid BAT Industries interest in the shares.

Other stores also improved with Karstadt up DM 1.70 to DM 232.70 and Kaufhof DM 7 to DM 216.

The recently strong motor and banking sectors were easier.

Bonds were modestly higher though turnover was fairly low with banks having restocked portfolios in more active trading last week and institutional investors yet to take up new positions. The Bundesbank sold a moderate DM 55.9m of domestic paper to balance the market after providing DM 65.4m worth last Friday.

Amsterdam was also unable to hold on to the full benefit of opening gains, although the ANP-CBS General index added 2 to 159.4 in volume that failed to match up to expectations.

KLM, which reported that its traffic rose 6 per cent in July, added Fl 3.50 to Fl 179.50.

Bonds were steady to slightly higher in a quietly traded market, dominated by institutional investors.

Brussels was again firmer, although trading volume was restrained.

One of the larger advances was recorded by the UCB chemical group, which gained BFr 220 to BFr 4,750.

A mixed performance was seen in **Paris**, although the undertone remained firm. One of the strongest performers was Penarroya in minings, adding FFr 3.20 to FFr 53.40, while in the easier chemicals sector, Roussel-Uclaf shed Fr 40 to FFr 1,240.

Solid gains were seen in **Zurich**, with Swissair up SwFr 18 to SwFr 970 as enthusiasm for the share rose amid lower oil prices.

Industrials led a sharp rally in active **Milan** trading. Fiat climbed L176 to L4,335, and Montedison L27 to L1,163. Olivetti added L175 to record high of L5,735. Bonds were mixed in less active trading.

Madrid and **Stockholm** were both higher in fairly active trading.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23¾	13⅞	AAR	48	2.1	24	225	u23½	23	23⅜	
22	13½	AMCA	n 1	7.1		47	14⅛	14	14	+ ⅛
18⅞	13⅝	AMF	50	3.0	150	1083	17⅛	16⅜	16½	
51¼	49⅝	AMF	pf2.96e	5.8		450	51	51	51	+ ¼
41¼	24¼	AMR Cp			4	12169	32⅛	30⅜	30½	+ ⅛
20⅞	18	AMR	pf2.18	11		9	19⅜	19⅛	19⅛	
41½	27½	AMR	pf2.13	6.5		186	34⅛	32½	32½	− ⅛
22⅛	19½	ANR	pf2.12	10		5	20⅝	20⅝	20⅝	
16¼	8½	APL			4	165	11⅜	10⅛	11⅛	+ 1⅛
56¾	40¼	ARA	2.10	4.2	10	1749	50	48¾	49½	+ ¼
71½	44¼	ASA	3a	5.7		762	54⅝	52¾	53	−1⅛
30¼	16½	AVX	32	1.5	14	3470	23⅛	21⅛	21½	−1
53⅜	38¼	AbtLab	1.20	2.6	15	4222	47⅞	46⅝	47	+ ⅞
30¼	23¾	AccoWd	60	1.9	18	605	u31¼	30	31	+ 1¼
27¾	12½	AcmeC	40	2.9		156	14⅛	14	14	
12½	8¼	AcmeE	32b	3.5	25	48	9¼	9	9¼	+ ⅛
24⅝	11	AdmDg	04	3	9	213	15⅜	15	15	− ⅛
18¾	15	AdaEx	2.11e	13		316	16⅝	15⅞	16½	+ ⅝
18⅞	11⅞	AdmMl	28	2.1	14	53	14⅛	13⅝	13⅝	− ⅝
22	13½	AdvSys	81t	4.8	17	365	17⅛	16½	16⅝	
17⅜	7⅛	Advest	.12	1.0		1471	12⅛	11⅝	11⅞	+ ⅝
37½	25⅛	AMD			20	11519	36½	34⅝	35¾	+ ⅛
21⅜	9⅝	Aeflex			11	255	12⅝	12⅛	12⅛	+ ⅛
39	27¼	AetnLf	2.64	7.9	31	2791	34	33⅛	33½	
58¾	54	AetL	pf5.40e	9.7		43	56⅛	56	56⅛	− ⅛
34½	15¼	Ahmns	1.20	5.5	5	5090	22⅛	21½	22	+ ½
7	2⅞	Aileen				148	3⅛	3⅛	3⅛	+ ⅛
51	36½	AirPrd	1	2.2	10	1365	45⅛	44½	44⅝	− ⅛
30⅞	13	AirbFrt	60	3.5	9	s1192	17⅛	16⅝	17	+ ⅛
[illegible]										

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C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

Continued on Page 21

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 20

Continued on Page 22

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Aug. 6	Price Sch	+ or −
Creditanstalt	206	−1
Goesser	326	−1
Interunfall	400	...
Laenderbank	206	+1
Perlmooser	348	−1
Steyr-Daimler	139	−1
Veitscher Mag	210	−1

BELGIUM/LUXEMBOURG

Aug. 6	Price Frs.	+ or −
ARBED	1,520	−10
Banq Int A Lux	5,125	+25
Bekaert B	5,960	
Ciment CBR	2,500	+15
Cockerill	261	−10
Delhaize	5,400	−100
EBES	2,730	−20
Electrobel	7,250	−20
Fabrique Nat	1,890	+20
GB Inno BM	3,225	+25
GBL (Brux)	2,325	+5
Gevaert	3,220	+40
Hoboken	5,450	+200
Intercom	1,995	−30
Kredietbank	6,780	
Pan Hldgs	9,100	
Petrofina	6,760	+20
Royale Belge	9,400	−100
Soc. Gen. Banq	2,935	+40
Soc. Gen. Belge	1,790	+10
Sofina	6,300	
Solvay	3,825	−15
Traction el	3,800	
UCB	4,750	+220
Vieille Mont	4,195	+25

DENMARK

Aug. 6	Price Kr	+ or −
Aarhus Olie	423	
Andelsbanken	254	+10
Baltic Skand	715	
CopHandelsbank	267	+13
D. Sukkerfab	665	+10
Danske Bank	260	+11
East Asiatic	197	+4
Forenede Brygg.	940	
Forenede Damp.	113	−2
GNT Hldg.	540	+50
I.S.S.B.	510	5
Jyske Bank	620	−35
Novo Ind	2,390	−120
Privatbanken	227	+10
Provinsbanken	316	+11
Smidth (F.)	221	
Sophus Berend.	1,005	+30
Superfos	479	−14

FRANCE

Aug. 6	Price Frs.	+ or −
Emprunt 4½ 1973	1,740	−12
Emprunt 7% 1973	9,300	+120
CNE 3%	3,560	
Air Liquide	511	−9
BIC	417	+2
Bouygues	613	−15
BSN Gervais	2,485	+10
CIT-Alcatel	1,057	+6
Carrefour	1,475	+19
Club Mediter'n	898	−10
CFAO	607	−7
Cie Bancaire	509	−11
Cofimeg	211	+3.5
Darty	915	−2
Dumez S.A.	675	−9
Eaux (Cie Gen)	511	+11.1
Elf Aquitaine	204	−4
Gen. Occidentale	634	+1
Imetal	80	+1
Lafarge Coppee	320	−1
L'Oreal	2,255	..
Legrand	1,900	−10
Maisons Phenix	200	+1.5
Matra S.A.	1,392	...
Michelin B	792	..
Midi (Cie)	1,595	−5
Moet Hennessy	1,650	+10
Moulinex	96.2	−0.8
Nord Est	45.9	..
Pernod Ricard	785	..
Perrier	492	−0.5
Petroles Fra.	229	−2
Peugeot S.A.	204	−1
Poclain	44.5	−0.5
Printemps Au.	136.1	−2
Radiotech	243	−2
Redoute	1,025	−25
Roussel Uclaf	1,240	−40
Sefimeg	238	+0.5
Skis Rossignol	1,450	+30
Telemech Elect.	1,615	...
Thompson (CSF)	318.5	..
Valeo	225.4	−2.6

GERMANY

Aug. 6	Price Dm.	+ or −
AEG-Telef	95	−1.8
Allianz Vers	758	+8
BASF	155.8	+0.2
Bayer	166	+0.7
Bayer-Hypo	263.5	+4.5
Bayer-Verein	300.5	−2.5
BHF-Bank	238	−4
BMW	382	−1.5
Brown Boveri	189.5	−5.0
Commerzbank	149	−1
Cont'l. Gummi.	119.8	−1.3
Daimler-Benz	544.5	−4.5
Degussa	345	−4.5
D'sche Babcoc	145.5	+1.5
Deutsche Bank	333	−11.5
Dresdner Bank	150.5	−1.5
GHH	138.2	−1.3
Hochtief	465xd	−5
Hoechst	168	+0.6
Hoesch Werke	93	+0.5
Holzmann (P)	427	−2
Horten	171	+6
Kali und Salz	213	+2.5
Karstadt	232.7	+1.7
Kaufhof	216	+7
KHD	233	+1
Kloeckner	58.7	+0.9
Krupp	76.5	+1.5
Linde	351	−1
Lufthansa	156.5	+2
MAN	140	−3
Mannesmann	143	+1.2
Mercedes Hld.	488.5	+6
Metallgesell	208	−6
Muench Rueck	1040	
Preussag	239.5	+2.5
Rhein West Elect	159.5	+2.5
Rosenthal	235	+4
Schering	348	+4
Siemens	384.8	−0.7
Thyssen	74.2	−0.1
Varta	165	+0.2
Veba	167.2	−1.1
V.E.W.	116.5	+2.3
Verein-West.	291	+1
Volkswagen	177.2	−0.5

ITALY

Aug. 6	Price Lire	+ or −
Banca Com'le	17,200	..
Bastogi IRBS	153	+5
Centrale	2,148	+2
Credito Varesino	4,090	+30
Fiat	4,335	+176
Finsider	38	+1.5
Generali Assicur	33,490	+225
Invest	2,925	−20
Italcementi	46,290	−60
Montedison	1,163	+27
Olivetti	5,735	+175
Pirelli Co	3,070	+49
Pirelli Spa	1,790	+74
Snia BPD	1,720	+47
Toro Assic.	11,260	+5
do. Pref.	8,997	+98

NETHERLANDS

Aug. 6	Price Fls	+ or −
ACF Holding	175	−8
AEGON	119	−1
Ahold	194.5	+4.5
AKZO	90.4	+2.4
ABN	319	+5
AMEV	156.5	−1.0
AMRO	56.7	+0.2
Bredero Cert	178	+1
Bos Kalis Westm.	28.6	−0.1
Buehrmann-Tet.	67.5	.
Calland Hldgs.	34.6	+0.6
Credit Lyon'is Bk	45.6	+0.8
Elsevier-NDU	89.3	+1.1
Gist. Brocades	148.5	+4.5
Heineken	134.8	+4.8
Hoogovens	49.2	..
Hunter Douglas	29.2	+0.8
Int Mueller	34.6	−0.8
KLM	179.5	+3.5
Naarden	39.2	...
Nat Ned Cert.	219	+1
Ned. Credit Bank	40	
Ned Mid Bank	136.0	+1.5
Nedlloyd	107.5	+1.7
Oce Grinten	241	+1
Ommeren (Van)	27.1	..
Pakhoed	62.2	+1.2
Philips	48.3	+0.3
Rijn-Schelde	2.8	..
Robeco	64.2	+1.1
Rodamco	131.5	+0.2
Rolinco	61.3	+1.3
Rorento	201.8	−0.2
Royal Dutch	152.1	+1.1
Unilever	266.5	+5.0
VMF Stork	126.0	−0.8
VNU	156.5	+3.5
West Utr Bank	83	+1

NORWAY

Aug. 6	Price Kroner	+ or −
Bergen Bank	160	..
Borregaard	295	+5
Christiania Bk.	163	+4
Den Norsk Cedit	163	+3
Elkem	143.5	.
Norsk Data	530	+10
Norsk Hydro	679	+6.5
Storebrand	217.5	+7.5

SPAIN

Aug. 6	Price Pta %	+ or −
Bco Bilbao	360	−2
Bco Central	362	−2
Bco Exterior	212	..
Bco Hispano	258	6
Bco Santander	348	+1
Bco Vizcaya	413	−12
Dragados	165	+2
Hidrola	68.5	+2.5
Iberduero	74.0	−4.3
Petroleos	147.5	+2
Telefonica	90.2	+1.7

SWEDEN

Aug. 3	Price Kronor	+ or −
AGA	365	..
Alfa-Laval	235	+1
ASEA (Free)	345	+10
Astra (Free)	380	+5
Atlas Copco	123	+1
Boliden (Free)	385	+5
Cardo (Free)	330	+5
Cellulosa	137	+1
Electrolux B	255	+3
Ericsson	348	+8
Esselte	300	..
Mo Och Domsjo	383	−3
Pharmacia	198xc	+7
Saab-Scania Free	550	+5
Sandvik	405	+5
Skandia	359	−1
Skan Enskilda	59.5	+0.5
SKF	190	+1
St. Kopparbergs	730	+5
Sven Handelsbn.	175	+3
Swedish Match	236	+2
Volvo B (Free)	258	.

SWITZERLAND

Aug. 6	Price Frs.	+ or −
Alusuisse	718	+3
Bank Leu	3,575	+125
Brown Boveri	1,370	+70
Ciba Geigy	2,370	+20
do. (Part Certs)	1,800	+45
Credit Suisse	2,130	+15
Elektrowatt	2,320	+20
Fischer (Geo.)	615	+3
Genevoise	3,450	+50
Hoff-Roche PtCts	93,625	+625
Hoff-Roche 1/10	9,375	+75
Jacobs Suchard	6,250	+50
Jelmoli	1,785	−25
Landis & Gyr	1,380	+15
Nestle	5,440	+40
Oer-Buehrle	1,250	+70
Pirelli	248	−1.5
Sandoz (Br)	7,150	...
Sandoz (PtCts)	1,057	+17
Schindler (PtCts)	560	−20
Swissair	970	+18
Swiss Bank	324	+4
Swiss Reinsce	7,400	+50
Swiss Volksbk.	1,370	+20
Union Bank	3,235	..
Winterthur	2,900	+100
Zurich Ins.	17,100	+350

AUSTRALIA

Aug. 3	Price Aust $	+ or −
ANZ Group	4.78	−0.04
Acrow Aust.	1.55	...
Alliance Oil D.	0.65	+0.01
Ampol Pet	1.75	+0.05
Aust Cons Ind	1.89	−0.06
Aust. Guarant.	2.90	−0.08
Aust. Nat. Inds	2.3	+0.08
Aust. Paper	2.36	...
Bell Group	4.4	+0.05
Bond Corp Hldgs	1.4	...
Boral	3.58	+0.05
B'ville Copper	1.6	+0.05
Brambles Inds	3.2	−0.05
Bridge Oil	2.78	−0.07
BHP	10.15	+0.15
CRA	5	+0.2
CSR	3.28	+0.09
Carlton Utd	4.30	...
Castlemaine Tys.	4.55	+0.05
Coles G.J.	3.95	+0.05
Comalco "A"	2.45	+0.05
Consolidated Pet	0.52	...
Costain Aust.	1.4	+0.05
Dunlop Aust.	1.75	+0.01
E.Z. Inds.	6.14	−0.04
Elders IXL	4	+0.05
Energy Res.	1.58	+0.02

AUSTRALIA (continued)

Aug. 3	Price Aust. $	+ or −
Gen Prop Trust	2.18	−0.12
Hardie (J.)	3.4	+0.1
Hartogen Energy	2.1	+0.1
HeraldW'y Times	3.75	+0.05
ICI Aust.	2.12	−0.02
Jimb'lana 50cFP	0.3	...
Kia Ora Gold	0.13	+0.01
Lend Lease	5.10	+0.1
MIM	2.75	+0.05
Mayne Nickless	2.9	+0.1
Meekatharra	0.48	+0.08
Myer Emp.	1.87	+0.01
Nat. Com. Bk.	3.38	−0.01
News	9.86	−0.04
Nicholas Kiwi	4.18	+0.03
North Bkn Hill	2.28	+0.05
Oakbridge	0.85	.
Otter Expl.	0.48	+0.03
Pancont'l	1.18	+0.09
Pioneer Conc	1.55	+0.02
Queensland Coal	1.19	+0.02
Reckitt & Coln	2.8	+0.08
Repco	1.18	+0.04
Santos	6.62	+0.1
Smith (H.)	3.65	+0.05
Southland Min'g.	0.32	+0.02
Spargos Expl	0.49	+0.02
Thos. Natwide	1.96	+0.01
Tooth	5.50	..
Vamgas	3.28	−0.08
Western Mining	3.2	+0.2
Westpac	3.92	
Woodside Petrol.	1.14	+0.02
Woolworths	2.58	+0.08
Wormald Intl.	2.98	+0.08

HONG KONG

Aug. 6	Price H.K. $	+ or −
Bank East Asia	20.2	+0.30
Cheung Kong	8.15	+0.1
China Light	12.4	+0.4
Hang Lung Devel	2.02	+0.03
Hang Seng Bank	32	..
HK Electric	5.8	−0.05
HK Kowloon Wh.	3.4	+0.05
HK Land	2.67	.
HK Shanghai Bk.	6.35	
HK Telephone	42.25	+1.25
Hutchison Wpa	10.7	+0.2
Jardine Math	7.25	+0.15
New World Dev	2.8	−0.02
Orient O'seas	2.25	.
O seas Trust Bk.	2.9	−0.05
SHK Props	5.6	+0.1
Swire Pac A	16.3	+0.3
Wheel'k Mard A.	3.2	+0.05
Wheel'k M'time	1.91	..
World Int. Hldgs.	1.87	+0.04

JAPAN

Aug. 6	Price Yen	+ or −
Ajinomoto	1,220	+10
Alps Electric	2,270	−30
Amada	1,250	+80
Asahi Chem	580	−7
Asahi Glass	750	−8
Bridgestone	610	+19
Canon	1,270	−30
Casio Comp.	1,390	+10
Chugai Pharm	975	−15
Citizen	520	−5
Daiei	670	...
Dai Nippon Ptg	942	−7
Daiwa House	530	−2
Ebara	325	+6
Eisai	1,080	
Fanuc	9,000	+50
Fuji Bank	860	..
Fuji Film	1,820	+20
Fujisawa	1,020	+24
Fujitsu	1,330	...
Green Cross	1,600	+10
Hasegawa	340	+10
Heiwa Real Est.	555	−3
Hitachi	859	−13
Hitachi Credit	1,270	−20
Honda	1,490	+80
House Food	720	−2
Hoya	2,160	−30
Itoh (C)	286	+2
Ito Yokado	2,190	+90
Iwatsu	1,460	−60
JACCS	351	
JAL	3,200	+50
Jusco	825	−5
Kajima	289	+1
Kao Soap	765	+5
Kashiyama	608	+8
Kirin	579	+14
Kokuyo	988	−2
Komatsu	475	−5
Konishiroku	570	−11
Kubota	310	+2
Kumagai	470	..
Kyoto Ceramic	6,260	−50
Maeda Const	480	+2
Makino Milling	1,270	−20
Makita	985	+9
Marubeni	323	−4
Marudai	610	+9
Marui	1,090	−40
MEI	1,730	+10
M'ta Elec Works	675	+6
M'bishi Bank	885	+25
M'bishi Corp.	540	−2
M'bishi Elec	399	...
M'bishi Estate	483	+5

JAPAN (continued)

Aug. 6	Price Yen	+ or −
MHI	232	+2
Mitsui Co	327	−3
Mitsui Estate	656	−3
Mitsukoshi	355	+5
NGK Insulators	855	+35
Nihon Cement	200	−2
Nippon Denso	1,610	+40
Nippon Elect	1,290	−10
Nippon Express	317	−1
Nippon Gakki	665	−5
Nippon Kokan	140	−3
Nippon Oil	909	+9
Nippon Seiko	562	+22
Nippon Shimpan	540	+10
Nippon Steel	157	...
Nippon Suisan	335	−4
NTV	11,200	−300
Nippon Yusen	219	
Nissan Motor	641	+17
Nisshin Flour	520	+21
Nisshin Steel	170	−5
Nomura	723	+3
Olympus	1,020	+10
Orient Leasing	3,550	+100
Pioneer	2,870	−40
Renown	623	+5
Ricoh	998	−2
Sankyo	808	−8
Sanyo Elect.	515	−3
Sapporo	421	.
Sekisui Prefab	595	
Seven-Eleven	8,750	−30
Sharp	1,120	−10
Shimadzu	569	+1
Shionogi	659	+12
Shiseido	1,120	+20
Sony	3,600	+350
Stanley	819	+20
S'tmo Bank	910	−10
S'tomo Elect	828	−2
S'tomo Marine	408	−7
S'tomo Metal	158	−2
Taihei Dengyo	462	+1
Taisei Corp	207	−1
Taisho Pharm.	890	...
Takeda	765	+20
TDK	5,900	+10
Teijin	349	..
Teikoku Oil	670	...
Tokyo Marine	608	−2
TBS	735	−5
Tokyo Elect Pwr.	1,220	−40
Tokyo Gas	146	−4
Tokyo Sanyo	710	−5
Tokyo Style	718	+3
Tokyu Corp	274	+4
Toppan Print	800	+2
Toray	407	−13
Toshiba Elect.	403	−5
TOTO	593	+28
Toyo Seikan	790	+10
Toyota Motor	1,480	−30
Victor	3,550	−30
Wacoal	720	−10
Yamaha	521	−9
Yamanouchi	1,220	−10
Yamazaki	635	−10
Yasuda Fire	302	+4
Yokogawa Bdge.	398	.

SINGAPORE

Aug. 6	Price $	+ or −
Boustead Hldgs.	2.5	+0.11
Cold Storage	3.78	+0.18
DBS	8.9	+0.25
Fraser & Neave	6.2	+0.4
Genting	5.8	+0.25
Haw Par. Bros	2.48	+0.07
Inchcape Bhd.	3.1	+0.16
Keppel Shipyard	2.39	+0.08
Malay Banking	9.3	+0.35
Malay Brew.	6.85	...
Multi Purpose	1.28	+0.05
OCBC	10.6	+0.6
OUB	4.56	+0.28
Sime Darby	2.3	+0.06
Straits St'mship	1.57	−0.02
Straits Trdg.	5.65	+0.2
UOB	5.25	+0.27

SOUTH AFRICA

Aug. 6	Price Rand	+ or −
Abercom	1.45	−0.1
AE & CI	7.2	−0.1
Anglo Am Coal	31	...
Anglo Am Corp	22.2	+0.8
Anglo Am Gold	153	+4.5
Barclays Bank	15.5	...
Barlow Rand	11.1	+0.9
Buffels	72.75	+4.5
CNA Gallo	2.2	−0.1
Currie Finance	3.9	−0.1
De Beers	9.15	+0.35
Driefontein	48.5	+1.25
FS Geduld	50.75	+1.25
Gold Fields S.A.	26.6	+2
Highveld Steel	4.55	+0.1
Nedbank	10.8	+0.1
OK Bazaars	14.5	−0.7
Protea Hldgs	1.6	...
Rembrandt	23	...
Rennies	14	...
Rust. Plat.	15	−0.5
Sage Hldgs	7.25	...
SA Brews	6.2	−0.1
Smith (C.G.)	18.1	−0.15
Tongaat Hulett s.	8	−0.2
Unisec	5	...

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Tr 2½pc I L 2009	£89½	+£⅞
Chubb	194	+12
Debenhams	182	+6
Home Charm	148	+8
ICI	598	+12
Laporte Inds.	318	+8
Mercantile Ho.	327	+10
Metal Closures	170	+6
Thorn EMI New	38pm	+6
Aberfoyle	570	+40
Anglo Am. Gold	£74½	+£4
CRA	340	+16
De Beers Defd.	452	+27
Hartebeest	475	+22
Minorco	650	+80
Randf. Ests.	£80¾	+£3¾
Western Mining	217	+11

FALLS

Treas. 10pc 1987	£94⁵⁄₁₆	−£⅛
Treas. 9½pc 1999	£86¾	−£½
Commercial U.	204	−4
Hawker Sidd.	435	−12
Westland	130	−16
BP	448	−7
LASMO	272	−8
Ultramar	235	−10

Continued on Page 30

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 21

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

NEW YORK STOCK EXCHANGE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

LONDON STOCK EXCHANGE

MARKET REPORT

Attempt to further recent strength fails and markets close slightly easier

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug 6
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10
Sept 3	Sept 13	Sept 14	Sept 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

An attempt to extend last week's spectacular advance lacked conviction yesterday and London stock market values *reacted from enhanced opening* levels. The two main investment areas both gave the impression of being overbought following the recent buying spree and also short of liquid funds after Friday's subscription for Jaguar shares. Investors put up a massive £2.3bn for the issue which privatises the car manufacturer.

The favourable effects of Wall Street's continued upsurge amid a record business volume last Friday together with hints of lower domestic interest rates were partially blunted by weekend comment preaching caution over the outlook for stock markets. But causing most concern yesterday was a return of recent oil market uncertainty. This was aroused by fresh reports of falling world crude prices and a slipping sterling exchange rate against the dollar.

Government securities led the retreat, losing initial gains ranging to ¾ to close ½ or so down on the session. Profit-taking was a major factor but sentiment was also unsettled later by lower U.S. bond prices early yesterday. The less buoyant tone in the latter was attributed to remarks made by the Federal Reserve Board chairman about U.S. inflation trends.

Consideration of the authorities' latest £1bn funding brought pressure to bear on short-dated Gilts and falls stretching to $\frac{7}{16}$ followed. On the other hand, index-linked issues benefited from hedging demand against higher inflation and achieved gains extending to ⅞. Treasury 2½ per cent 2009 rose that much to 89½.

A few leading industrial shares attracted renewed American demand after-hours—the Dow Jones average jumped 23 points more early yesterday—but the majority struggled to maintain 3.30 pm levels. ICI were an outstanding performer, gaining 12 late to 598p after having touched 580p earlier in the session. The FT Industrial Ordinary share index mirrored the day's movements, rising 3.1 initially before closing a net 1.1 off at 830.3.

Clearers easier

The major clearing banks opened on a bright note, but later drifted back in quiet trading to close marginally easier on the day. Lloyds, which revealed disappointing interim profits last Friday, moved between 457p and 43p prior to settling a net 3 off at 447p. Midland drifted back to 333p prior to closing 5 lower on balance at 337p. Among Leasing issues, USM-quoted Baltic Leasing rose 11 to 184p.

Composite Insurances turned hesitant awaiting the start of the interim dividend season which opens tomorrow with second-quarter figures from Commercial Union. The latter, a shade firmer at first, eased back on nervous offerings to close a net 4 down at 204p. General Accident, half-year figures scheduled for August 15, softened a couple of pence to 460p, but Royals, reporting on August 16, edged up 4 to 462p. Life issues were mixed. Pearl rose 11 to 859p but Sun Life gave up 13 to 637p.

Among Lloyds brokers, Stewart Wrightson continued to attract speculative interest despite Sedgwick's denial of any bid intentions and the close was a net 11 up at 391p.

Computer concern Alphameric staged a successful debut in the Unlisted Securities Market; the shares, placed at 95p, opened at 103p and moved up to 105p prior to closing at 104p.

Leading Buildings fluctuated narrowly before closing virtually unchanged. Secondary issues, however, displayed a few bright spots. Buying ahead of Thursday's interim results left Heywood Williams 4 dearer at 128p, while a broker's circular stimulated interest in McCarthy and Stone, up 15 at 245p. Countryside attracted sporadic support and firmed 4 to 186p. A. Monk rose 6 to 111p.

ICI opened higher at 588p reflecting favourable Press comment, but drifted back to 580p before closing strongly at 598p. Other Chemicals traded firmly throughout despite the Chemical Industry Association's prediction of slower growth in the second half of the year. Laporte rose 6 to 318p and Allied Colloids hardened 3 to a 1984 peak of 370p. Elsewhere, Rentokil found support and gained 5 to 131p. USM-quoted R. H. Morley closed 2 cheaper at 55p, after 53p, following the rights issue proposal.

Debenhams below best

Leading Stores finished a few pence dearer for choice with sentiment aided by an encouraging review of the sector by brokers Phillips and Drew. Demand was again selective, however, and dealers remained *generally unenthusiastic about* current business levels. A buoyant market last week on revived takeover speculation and yield considerations, Debenhams were initially marked up to 184p in response to a favourable Press article, but closed below the day's best at 182p, up 6. Woolworth continued to attract small demand in a restricted market to close 8 up at 478p, after 482p, while another lively two-way trade developed in Burton, 3 dearer at 254p. In contrast, occasional sellers held sway in Marks and Spencer, 118p, and British Home, 209p, both down 2.

Secondary Stores also displayed an irregular profile. Buyers were noted for Home Charm, 6 up at 148p, Moss Bros, 10 dearer at 300p, and Dixons, 5 better at 270p, but rumoured "shell" operation Arthur Henriques encountered sporadic profit-taking and dipped 7 to 80p. An investment recommendation lifted Martin Ford a couple of pence to 24p; last Friday, the company revealed a first-half loss and passed the interim dividend. Adverse comment highlighting directors' recent share sales clipped a *few* pence from Cecil Gee at 133p, while preliminary results from jewellers Asprey were deemed slightly disappointing and the shares, up to 775p earlier, reverted to unchanged at 700p.

Marked up at the outset, leading Electricals soon began to drift back on lack of follow-through support. Quotations, however, took on a firmer stance again late and GEC and Plessey both closed 4 to the good at 210p and 212p respectively. Thorn EMI new nil-paid shares were noteworthy for a fresh rise of 6 to 38p premium. Elsewhere, Standard Telephones and Cables, up to 282p at one stage, closed a couple of pence firmer at 276p following the interim statement; ICL held at 81p.

Leading Engineers traded on a rather subdued note awaiting interim statements from both GKN and TI. The former, due to report today, closed a couple of pence cheaper at 175p, after 173p, while TI, figures on Thursday, closed 4 down at 232p, after 230p. Hawker gave up 12 at 435p. Elsewhere, news that the company proposes to cut more than 700 jobs within 15 months because of low orders encouraged selling of Westland which fell away steadily to close at around the day's lowest with a fall of 16 at 130p. Glynwed finished a shade off at 144p following the interim statement.

Investment interest in Foods cooled somewhat and the leaders, having been marked up at the outset in anticipation of fresh demand, subsequently drifted back to close virtually unchanged. Cadbury Schweppes, however, still closed 2 firmer at 134p, after 136p, but Rowntree Mackintosh, after touching 302p early on, finished unaltered at 298p. The Food Retailing majors generally marked time, but Northern-based secondary counter Hillards found support and firmed 8 to 212p. Dealings in old bid favourite Ames Hinton were suspended at the outset at 353p pending an announcement; Argyll and William Low were being named as possible bidders.

Leading Hotels remained quietly firm throughout the session. Grand Metropolitan hardened a couple of pence to 304p and Trusthouse Forte gained the turn to 116p. Elsewhere, USM-quoted Garfunkels encountered scrappy selling and shed 8 to 165p, but Strikes Restaurants improved 3 to 62p.

Chubb advance afresh

Friday's sharp improvement on Wall Street prompted a firm start in the miscellaneous industrial leaders, but buyers held off and quotations finished the day showing small mixed movements on balance. Beecham, an active market in the U.S. last week, drifted back to close 7 cheaper at 343p. Glaxo fluctuated narrowly before settling without alteration at 910p. Elsewhere, weekend Press mention prompted further support for bid favourite Chubb, which closed 12 to the good at 194p. Others to respond to newspaper comment included Metal Closures, 6 higher at 170p, and Extel, 5 to the good at 340p. Polly Peck encountered buyers and put on 13 to 205p; Cornell were 5 dearer at 188p. Satisfactory half-year figures left Relyon a couple of pence firmer at 82p, but Evode closed 4 cheaper at 110p after the interim statement.

A Press suggestion that Pleasurama may sell its stake in fellow casino concern Trident TV "A" saw the latter fall to 153p before closing a net 4 down at 156p; Pleasurama climbed 9 to 315p. Horizon Travel, having risen sharply recently on Grand Metropolitan's unwelcome bid approach, eased back 3 to 168p awaiting developments.

The recent announcement that A. J. Gooding held an option on a near-30 per cent stake directed fresh attention towards Delyn Packaging which attained a 1984 high of 155p before settling 5 cheaper on balance at 140p.

Properties generally suffered from a lack of interest, but a few issues managed fresh progress. Hammerson "A" were supported and rose 10 to 445p, while late demand lifted Bradford Property 8 to 293p.

Mercantile House, a lively market since publication of last Tuesday's encouraging annual figures, made fresh progress on Press comment to touch 334p before settling a net 10 dearer at 327p.

Oils lower

Leading Oils put on a disappointing performance. Continuing worries over North Sea oil prices — Brent crude was slightly higher but Forties gave ground — prompted persistent selling pressure and profit-taking after last week's rally. The majority closed above the day's lowest levels with BP finally 7 off at 448p, after 441p, and Britoil 3 cheaper at 220p, after 215p. Tricentrol and LASMO gave up 8 apiece at 177p and 272p respectively. Royal Dutch, however, were a firm market and responded to good U.S. support to close a net half-point higher at £35½. Shell, reporting second quarter results on Thursday along with Royal Dutch, dipped to around 580p before steadying to close a fraction easier on balance at 588p. Ultramar dropped 10 to 235p; the company's interim figures are scheduled for Thursday.

Lonrho again benefited from comment on last week's interim results and rose 3 to 149p; sentiment was buoyed yet again by physical covering of sizeable traded option positions.

Mines sharply higher

The latest strong showing by the bullion price and a firm opening on Wall Street encouraged a widespread advance throughout mining markets.

South African Golds raced ahead for the third successive trading day with the Gold Mines index up 23.9 at 538.3 — its best level since the middle of July. The bullion price, which rose strongly in the U.S. on Friday, touched almost $355 before closing a net $1.875 up at $350.25 an ounce.

Although remaining a nervous market, Golds moved ahead sharply from the outset, with Johannesburg and Continental buying interest easily outweighing small profit-taking.

The see-saw trend on Wall Street in early trading tended to take the shine off many issues but the majority closed with good gains on balance.

Financials improved across a broad front. De Beers were a highlight among South Africans and raced ahead to close 27 up at 452p, reflecting substantial U.S. support amid talk of a stock shortage. Minorco, another U.S. favourite, jumped 50 to 650p, a rise of 155 over the past two trading days.

Australians were major beneficiaries from the recent surge on Wall Street. Lacking a lead from Sydney overnight, which was closed for a public holiday, the market in London was marked up sharply at the outset. At the close the leading diversified issues, although below the best levels, were showing heavy gains with CRA 16 up at 340p, Western Mining 11 firmer at 217p and MIM Holdings 5 to the good at 182p. Aberfoyle continued their recent upsurge and jumped a further 40 to 570p, a rise of 220 over the past six trading days.

Activity in Traded Options subsided from last Friday's near-record levels. A relatively subdued session in the underlying securities hindered operators enthusiasm, although a couple of lively series stood out. Lonrho were in demand with 755 calls done, 465 in the August 140's which closed 3 up at 9p. Beecham attracted an evenly-balanced business with 303 calls and 236 puts struck. The FTSE 100 accounted for 716 calls and 566 puts. Total contracts transacted yesterday amounted to 4,902.

FINANCIAL TIMES STOCK INDICES

	Aug. 6	Aug 3	Aug 2	Aug 1	July 31	July 30	year ago
Government Secs	77.80	77.98	76.70	76.07	75.96	75.72	79.23
Fixed Interest	81.66	81.75	80.74	80.45	80.65	80.43	82.08
Industrial Ord.	830.3	831.4	809.1	795.2	790.5	778.7	721.3
Gold Mines	538.3	514.4	504.7	485.7	497.3	499.0	624.7
Ord. Div. Yield	4.95	4.94	5.08	5.18	5.21	5.29	4.61
Earnings, Yld.% (full)	11.59	11.57	11.90	12.13	12.21	12.39	9.19
P/E Ratio (net) (*)	10.40	10.41	10.13	9.94	9.87	9.75	13.59
Total bargains (Est.)	19,152	18,899	16,460	16,611	15,951	16,808	19,712
Equity turnover £m.	—	351.08	276.96	214.49	158.86	153.97	145.02
Equity bargains	—	16,439	13,639	11,723	11,834	12,463	17,120
Shares traded (ml)	—	174.9	143.8	137.6	90.7	91.8	97.0

10 am 834.5. 11 am 829.2. Noon 829.2. 1 pm 830.7. 2 pm 831.0. 3 pm 830.3.

Basis 100 Govt. Secs. 15/1/26 Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.95.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int	87.48 (14/3)	80.43 (30/7)	155.4 (28/11/47)	50.03 (3/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug 3	Aug 2
Daily Gilt Edged Bargains	193.2	167.6
Equities Bargains	106.5	88.4
Value	709.6	559.8
5-day Average Gilt Edged Bargains	162.5	156.9
Equities Bargains	85.6	84.2
Value	467.0	432.2

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (54)

AMERICANS (17)
Abbott Labs, American Express, American Medical Intl, AT & T, Bowater Inc, Chesebrough-Pond's, Cons Foods, Data-General, Florida Power & Light, General Electric, Gillette, Great Western Fin, IBM, Lockheed, Rohr Inds, U.S. West, Woolworths

CANADIANS (2) Hawker Siddeley Can, Seagram
BANKS (1) Jessel Toynbee & Gillett
CHEMICALS (2) Allied Colloids, Snia BPD
STORES (1) Body Shop
ELECTRICALS (2) Comcap, Norsk Data "A"
ENGINEERING (2) Ratcliffs (GB), Renold
FOODS (4) Global Group, Matthews (B.), Nabisco Brands, Safeway Stores
INDUSTRIALS (7) Chubb, Dover Corp, Extel, Fisons, IC Inds, Pentland Inds, Watshams
INSURANCE (3) American General, Dewey Warren, Lon & Manchester Gp
MOTORS (2) Honda Motor, Volvo
NEWSPAPERS (1) Intl Thomson
PAPER (2) Delyn Packaging, Ogilvy & Mather
PROPERTY (5) Brit Land 12pcCnv UnsLn 2002, London Shop Prop, Prop Hldgs & Inv, Rosehaugh, United Real Prop
SHIPPING (1) Sea Containers
TRUSTS (2) Cambridge & Gen, Gen Barrie Invs & Fin

NEW LOWS (12)

BANKS (1) Joseph (Leo)
BUILDINGS (1) British Dredging
STORES (1) Goldberg (A.)
ELECTRICALS (1) Air Call
ENGINEERING (1) Westland
FOODS (1) Glass Glover
SHIPPING (1) Lon & O'seas Frghtrs
SOUTH AFRICANS (1) SA Breweries
OILS (2) Caledonian Offshore, Falmouth Petroleum
MINES (2) Metramar Minerals, Transvaal Cons Land

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds	241	−5
Barclays Bank	462	−1
BP	448	−7
Chubb	194	+12
Commercial Union	204	−4
De Beers Dafd	452	+27
ICI	598	+12
Lloyds Bank	447	−3
Minorco	650	+50
Shell Transport	588	−2
Thorn EMI New	38pm	+6
Westland	130	−16

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Beecham	30	350	+35
Glaxo	23	910	+30
ICI	21	586	+14
Debenhams	16	176	—
RTZ	16	577	+24
BP	15	455	+5
De Beers Dfd	14	425	+28
Lloyd's Bank	14	450	−10
Cns Gold Flds	13	510	+18
STC	13	274	+10
Pilkington Bros	12	273	+3
Reckitt & Clmn	12	520	+23
Distillers	11	300	+1
Hawker Sidd	11	447	+17

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon Aug 6 1984; Fri Aug 3; Thur Aug 2; Wed Aug 1; Tues July 31; Year ago (approx.)

[illegible]

FIXED INTEREST

[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$325	13	28	—	—	5	49	$349.40
GOLD C	$350	263	6	28	21	1	30	"
GOLD C	$375	33	1	48	10	25	20	"
GOLD P	$400	—	—	16	4.10	293	8.50	"
GOLD P	$325	7	0.50	35	3	18	5	"
GOLD P	$350	8	6	28	9 B	4	11	"
GOLD P	$375	3	25 B	10	25 B	2	25 B	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 36,869

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 23	Aug 3	Oct 25	Nov 5
Aug 6	Aug 17	Nov 8	Nov 19
Aug 20	Aug 31	Nov 22	Dec 3

For rate indications see end of Share Information Service

Money was given for the call of Polly Peck, China Light, Sons of Gwalia, Hawley, Tootal, Aran Energy, Clive Discount, Eglinton Oil and Gas, Davy Corporation, Dunlop, Atlantic Resources, North Broken Hill, MIM, Metals Exploration and Berkeley and Hay Hill. No puts were reported, but doubles were taken out in Birmid Qualcast and Berkeley and Hay Hill.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	63	26
Corpns, Dom and Foreign Bonds	29	2	47
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	750	376	1,570

LONDON TRADED OPTIONS

[illegible]

Aug.6. Total Contracts 4,902. Calls 3,048. Puts 1,854.
*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100	99	Treas 12pc 1984	99		12.02	12.29
105	101	Treas 15pc 1985	101		14.73	11.37
102	100	Exch. 12pc Cnv. '85	100		11.97	11.41
95	93	Treas 3pc 1985	93		3.20	11.47
102	99	Treas 11½pc 1985	100		11.49	11.39
99	96	Treas 8¼pc Cnv '85	97		9.00	11.66
104	99	Exch. 13¼pc 1985	100		13.20	11.81
103	99	Exch. 11¼pc '86	100		11.75	11.74
102	96	Treas. 10pcCnv 1986	97		10.30	11.93
90	88	Treas 3pc 1986	89		3.35	9.45
102	96	Exch 10½pc Cv '86	97		10.73	11.85
104	99	Treas 12pc 1986	100		11.97	11.80
98	93	Treas 8½pc 1984-86‡‡	94	−⅛	9.02	11.91
108	102	Exch 14pc 1986	103	−¼	13.51	12.04
87	85	Exch 2½pc 1986	85		2.92	9.66
107	100	Exch. 13½pc 1987	102½		12.93	12.01
100	94	Treas 10¼pc Cv '87	95	−⅛	10.69	12.19
86	83	Exch 2½pc 1987	83		2.98	9.77
101	94	Exch. 10½pc 1987	95		10.97	12.38
92	87	Funding 6½pc '85-87‡‡	87	−⅛	7.41	11.88
99	92	Treas 10pc 1987	94		10.60	12.41
85	81	Treas 3pc 1987	82		3.62	9.88
105	97	Treas 12pc 1987	98		12.15	12.43
94	87	Treas 7¾pc 1985-88‡‡	88		8.76	11.90
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

1984 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
35	26⅞	Abbott Labs $	35	+½	$1.20	—	2.6
24⅝	11⅝	Ahmanson (H.F.)	16¼	+½	$1.20	—	5.5
34¼	23¼	Alcoa $1	26		$1.20	—	3.5
39½	21⅝	Allied Corp $1	24¼	+¼	$1.80	—	5.6
18⅝	13¼	Amax $1	15	−¼	20c	—	1.0
995p	731p	Amdahl 5c	924p	+66	20c	—	1.7
24⅞	18⅝	Amer. Express $0.60	24⅞		$1.28	—	4.0
20½	14¾	Amer Medical Int $1	20½		48c	—	1.8
23	20	Amer. Nat. Res. $1	22		h$1.41	—	4.9
14½	10⅝	American T. & T. $1	14	+¼	$1.20	—	6.4
55	43	Ameritech $1	54¼	−¼	$6.00	—	8.5
21½	15½	Amlac	16⅞	+½	$1.44	—	6.6
23p	16	AndTech	23p		—	—	—
16	10	Bankamerica $1	12	+½	$1.52	—	9.6
35	27	Bankers N.Y. $10	33		$2.45	—	5.6
57	46	Bell Atlantic $1	56		$6.40	—	8.7
23	19	BellSouth $1	23		$2.60	—	8.6
20	12	Beth Steel $8	14	+1	60c	—	3.1
14	11	Bowater Inc.	14		072c	—	3.9
31	19	Brown'g-Fer. 16⅔c	26	+1	96c	—	2.8
25	16	Brunswick Corpn.	25		80c	—	2.4
28	24	CPC Intnl. 25c	28		$2.20	—	5.9
49	39	Campbell Soup 60c	49	+2	$2.30	—	3.6
36	25	Caterpillar Tractor	29		$1.50	—	3.9
36	27	Chase M'htn $12.5	29		$3.65	—	9.6
24	17	Chemical New York	21	+½	$2.36	—	8.6
28	22	Chesebrough-Pond's $1	28		$1.92	—	5.1
22½	15½	Chrysler $6¼	22¼	+¼	60c	—	2.1
27	19	Citicorp $4	24		$2.06	—	6.4
32	21	City Inv. $1.25	28	+½	$2.00	—	5.4
18	14	Colgate-P. $1	16		$1.28	—	5.8
22	17	Cons. Foods $1⅓	22	+¼	$1.30	—	4.4
15½	200p	Cont. Illinois $5	321p	−4	—	—	—
275p	130p	Corporate Data Scnce	245p		—	—	—
26	20	Crown Zell. $5	24		$1.00	—	3.1
711p	452p	Damson Oil 40c	462p		—	—	—
22	15	Dana Corp. $1	18		$1.20	—	4.9
40	27	Data General	40	+2	—	—	—
118p	77p	Derma-Lock Medical	86p	−3	—	—	—
[illegible]							

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا صك التصل

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial Vehicles

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Components

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Garages and Distributors

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PAPER, PRINTING ADVERTISING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHIPPING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHOES AND LEATHER

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOUTH AFRICANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEXTILES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOBACCOS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUSTS—Cont.

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance, Land, etc

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVERSEAS TRADERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLANTATIONS

Rubbers, Palm Oil

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Teas

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES

Central Rand

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Eastern Rand

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Far West Rand

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

O.F.S.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Diamond and Platinum

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
Central African							
280	150	[illegible]	150		[illegible]	♦	[illegible]
17	11½	[illegible]	12½		—	—	—
21	14	[illegible]	16½	.....	—	—	—
Australians							
45	21	♥ACM [illegible]	26		—	—	—
44	20	♥[illegible]	21		—	—	—
[illegible]	4	♥[illegible]	4½		—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Miscellaneous

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

IRISH

[illegible]

OPTIONS — 3-month call rates

Stock	Rate	Stock	Rate	Stock	Rate
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dunlop	5	[illegible]	8	Shell	55
F.N.F.C.	6½	[illegible]	24	[illegible]	20
Gen Accident	42	[illegible]	40	Ultramar	60
Gen Electric	16	Sears	8		
Glaxo	70	T.I.	22	**Mines**	
Grand Met	30	Tesco	26	Charter Cons.	24
G.U.S. 'A'	55	Thorn EMI	55	Cons Gold	58
Guardian	50	Trust Houses	18	Lonrho	12
G.K.N.	20	Turner Newall	10	Rio T Zinc	60
Hanson Tst	17	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

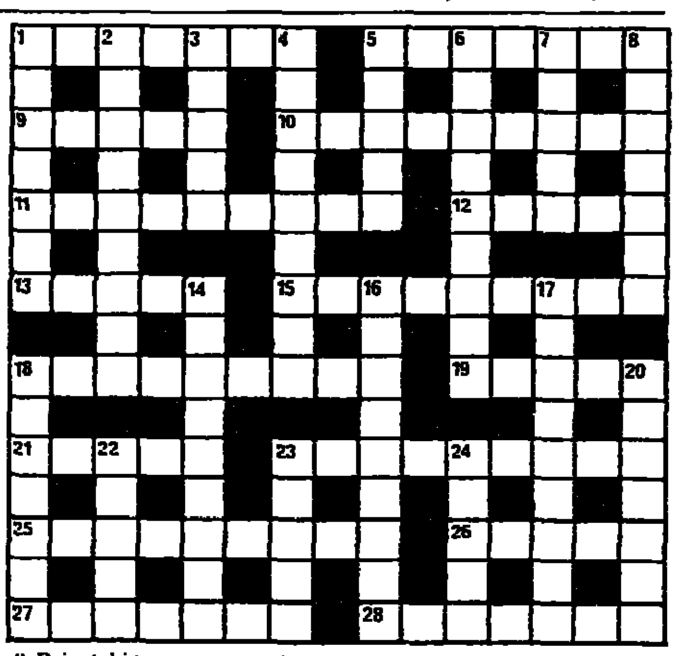
"Recent Issues" and "Rights" Page 23

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,485



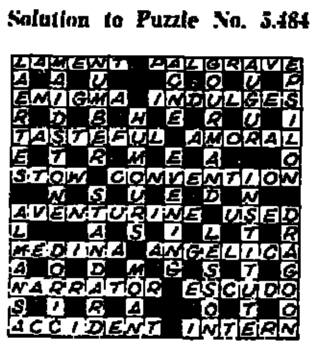
ACROSS

1 Proverbially thick-set ? (7)
5 Paddy has a wash (7)
9 Enquire in the back-street for jobs (5)
10 Went to pieces, although a lot expected of one (7, 2)
11 I rant and rave perhaps, when giving an account (9)
12 Someone mending a pipe ?
13 You can put it on a horse that's a sure thing (5)
15 The opposite of all dressed up and nowhere to go (7, 2)
18 Market finishes with blue chip distribution for customers (3, 6)
19 Tips to be shared with those waiting (5)
21 Imitating the sound of a bullet ? (5)
23 Baker ordered firm to supply meal (9)
25 Romans in a different land (3, 6)
26 Having promised, a number failed to settle (5)
27 Has a stab, perhaps, but gets Ruth mixed up with saints (7)
28 A grave commitment that may turn out to be real fun (7)

DOWN

1 Enormous disaster struck it (7)
2 Protection money ? (9)
3 What the viewer sees in TV is a puzzle (5)
4 Irregular coastline, not all in one piece (9)
5 Employment exchange ? (5)
6 A temporary substitute to bring about change (9)
7 Provide a finale to the second half of the show (5)
8 Painstaking preparation ? (7)
14 Old-timer may be rough to a girl (4-5)
16 Made a check and gave a reprimand (6, 3)
17 There would be universal hostility if it came (6, 3)
18 Passing through capital of Turkey, change trains (7)
20 Dialect around the Kremlin, for example (7)
22 Main meal without a starter ? It won't please this man (5)
23 Joy is a composer (5)
24 He shows Mr Livingstone round about six (5)

Solution to Puzzle No. 5,484



هكذا عن الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

High Int. Std. Acc.	11.18	11.62	Daily	Call
Premier Acc.	11.18	11.52	Daily	Call

Tyndall & Co
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241

Demand Acc	11.82	12.33	Qtr	Call
Money Acc.	11.50	12.00	Qtr	Chq.7

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	11.625	12.26	Mth	Call
Over £10,000	11.875	12.54	Mth	Call

NOTES:—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦* Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Steadier oil price trend maintained

BY RICHARD JOHNS

THE OIL market remained stable if uncertain yesterday in a day of little activity as the buyer-seller rate for September deliveries of Brent Blend, the North Sea reference, stayed steady at $27.90-$28.00 per barrel compared with the official *selling* rate of *$30*.

Quotations for October and November deliveries strengthened by 10 cents a barrel to $28.20-$28.30 and $28.40-$28.50 a barrel amid encouraging signs that the fall in spot prices has bottomed out and that most of the 75 cents gain recorded *last Thursday would be held*.

According to traders one factor has been major oil companies' assurances that the collective output of the Organisation of Petroleum Exporting Countries and Saudi Arabia, in particular, was less high last month than had been feared.

There is now more confidence the British National Oil Corporation can maintain the existing price structure based on a $30 reference.

Meanwhile Shell UK announced that, because of platform shutdown for maintenance, output from Brent Field would fall to 345,00 barrels a day in the third quarter compared with *437,000* b/d in the *first half*.

Counter-balancing this, however, will be the flow of oil from Conoco's Hutton Field *which came on stream* yesterday. Production there is expected to peak at about 90,000 b/d in six to seven weeks, Conoco said yesterday.

Conoco has overcome faster than it expected the problems with its tension leg platform which threatened to delay start-up until 1985.

It is the first commercial application of a TLP—a floating structure tethered to the seabed *by tubular steel mooring* lines held under constant tension.

Lead stocks decline disappoints market

By John Edwards

LEAD PRICES fell back on the London Metal Exchange yesterday following a much smaller than expected decline in warehouse stocks last week.

Cash lead, which lost £12.75 to £362 a tonne, remains at a small premium to the three months quotation but the market was unsettled by the *failure* of warehouse stocks to decline significantly for the second week in succession. Traders had been forecasting stocks to fall by as much as 12,000 tonnes.

STOCKS IN LONDON METAL EXCHANGE WAREHOUSES
(Changes in week ending Aug 3)

Aluminium	—1,875 to 139,375
Copper	—7,950 to 184,075
Lead	— 225 to 65,325
Nickel	— 630 to 53,375
Tin	— 590 to 27,150
	(tonnes)
Silver	+210,000 to 49,488,000
	(troy ounces)

Aluminium and zinc values also lost ground in spite of stocks falling again, much in line with expectations. However, copper was firmer, encouraged by a bigger than expected de*cline in warehouse stocks*, now *at the lowest level since November* 1982.

Thailand a victim of its tapioca success

BY BOONSONG K'THANA IN BANGKOK AND CHRIS SHERWELL

THAILAND, ONE of the world's few food exporters, faces a problem over tapioca, its second-largest foreign exchange earner after rice. The problem is a lack of markets—and *it is being* worsened by overproduction at home and constraints in the European Community, Thailand's biggest *tapioca market*.

At stake are the livelihoods of about 8m Thai farmers and the businesses of many exporters. They already face weaker prices for their product and the Government is moving only slowly to control planting.

Inevitably efforts to persuade *farmers to diversify* to other commodities such as millet strike them as ironic because Thailand's extraordinary growth in tapioca production is itself the product of diversification encouraged by the Government.

In 1956, 39,200 hectares only was given over to tapioca in Thailand; now the figure is almost 1.23m hectares. Fifty years ago Thailand exported little or no tapioca; last year *its export earned the country* more than $660m (£507.6m).

The expansion has been helped by the plant's own characteristics. It is easy to grow, adaptable, tolerant to drought, is not disease-prone and has no fixed harvest-time.

The big market has been Europe. Tapioca in the form of hard pellets is used in animal feed. *A loophole in the EEC* farm price regime allowed tapioca into the Community with a low 6 per cent import levy that made it cheap compared to other grains.

The EEC was eventually taking up to 90 per cent of Thailand's exports. *Predictably* it sought limits from the Thais. In 1982 it secured a voluntary agreement under which Thailand limited annual exports to 5m tonnes in 1983 and this year and to 4.5m tonnes next year and in 1986, with a 10 per cent flexibility on top.

The EEC has at the same time given Thailand $35m to help fund a crop diversification programme and soften the blow *for farmers*.

The results of all this have been less than impressive. Both Mr Danai *Tulalamba*, director-general of the Department of Foreign Trade, and Mr Sukit Wanglee, president of the Thai *Tapioca Trade Association*, acknowledge that the diversification programme has shown little success so far.

The impact of the quotas has not been helped by news that other EEC suppliers such as Indonesia and China have actually failed to meet their allotted targets.

More importantly it appears the limitation is hitting exporters more than farmers. The growing of tapioca compared to other commodities remains so lucrative that farmers are continuing to plant.

According to both Mr Danai and Mr Sukit tapioca-root production this year will amount to about 20m tonnes. This translates into 7m to 8m tonnes of pellets after processing.

Taking into account stock carried over from last year and this year, there could be any*thing* between 2.5m and 5m tonnes of surplus tapioca left after sales to the EEC by next year.

That makes the search for markets or for alternative uses of the tapioca crop especially urgent if hardship for farmers is to be avoided.

The Thais are looking to countries like South Korea, Japan, Taiwan, the Soviet Union and even countries in Africa for fresh outlets. None yet offers an alternative remotely comparable to the EEC. Some are difficult to deal with, others find it difficult to pay.

Unlike the EEC some of these countries also subject tapioca and other grains to similar tariffs. As tapioca is a carbohydrate which typically has to be mixed with other grains to create a suitable protein feed there is little incentive to import this commodity rather than others.

Mr Danai wonders whether a local subsidy for tapioca would make entry into new markets *easier but calculates this would* be too costly.

Another idea, now being tried, is to give to exporters who ship a given amount of tapioca to non-EEC markets permission to ship the same amount to the Community. That has already caused some exporters to sell cheaply into new markets in the hope of recoup*ing through the EEC outlet*.

Alternative uses for tapioca offer few grounds for optimism. The market for tapioca flour is limited and the cost of conversion into alcohol too high.

Mr Sukit said recently in a local newspaper interview: "*The problem is, tapioca really* can't be used for anything but animal feed, so if we can't sell it there is little we can do with it."

In his view the Government will have to let the price of tapioca fall to avoid having an even bigger crop in 1985 but must subsidise the price sufficiently to support those farmers who cannot grow anything else. That is a measure of the prob*lem the Government faces*.

Beet plantings to be raised

BY RICHARD MOONEY

BRITISH SUGAR is to increase the contracted area for beet plantings next year to ensure that UK sugar output does not fall below the quota level qualifying for EEC price support.

Following talks with farmers the company agreed to lift the area from 200,000 hectares to 205,000 hectares in 1985, British Sugar said yesterday. It estimated this would raise beet production by 200,000 tonnes to about 8.2m tonnes.

Last year British production of white (refined) beet sugar fell 80,000 tonnes below the country's EEC quota of 1.14m tonnes but the difference was made up by supplies carried forward *from the bumper 1982* harvest.

Last week's rain, coupled with absence of serious pest or disease problems, has encouraged hopes that this year's *production will* be sufficient to fill the quota.

● The continuing slide in world sugar prices took the London daily raws price to the lowest level since October 1982 in sterling terms at £84.5 a tonne. In dollar terms sugar values are at 13-year lows. On the London futures market, prices moved higher early in the day but slipped back to end a little lower on balance.

Guyanan bauxite aid planned by EEC

BRUSSELS — The European Commission plans to give Guyana's ailing bauxite industry a long-term, low-interest loan to help execute a restructuring plan, the commission said. It still has to fix the amount.
Reuter

Straw surplus could provide fuel says energy expert

BY MAURICE SAMUELSON

INSTEAD OF burning-off or ploughing-in 6.75m tonnes of *surplus straw* a year Britain's farmers would do better to use much of it as fuel, says Dr *Larry Martindale*, a Harwell scientist specialising in energy questions.

The current straw surplus *was the equivalent* of *3.5m* tonnes of coal, or 1 per cent of the UK energy requirements.

He puts his conclusions in a study for the *Energy Tech*nology Support Unit, based at the Atomic Research Establishment, Harwell, made under Energy Department auspices.

Claiming that straw can most effectively be used as a fuel on farms he says 166,000 tonnes a year 90,000 tonnes coal *equivalent) are already* burnt, mainly in small boilers for farmhouse heating.

Increasing use for glass-house *heating, animal-house heating* and croy-drying would raise utilisation by the year 200 to about 1m tonnes a year (500,000 tonnes coal equivalent).

The report suggests that using straw as fuel in small boilers (up to 1.5Mw heat output) is cost-effective even to replace coal rather than oil, though less advantageous on larger boilers.

● Velcourt, Britain's biggest *farming group*, is to begin trials this month on various methods of incorporating straw stubble into the soil instead of burning it in the field.

After last year's public outcry against the nuisance and danger of poorly-controlled burning, Velcourt stated its intention to phase out burning on its farms over a three-year period. It has set aside 8.2 hectares

The Potential for Straw as a Fuel in the UK, by *Dr L. P. Martindale. ETSU, Building 156, AERE, Harwell, Didcot, Oxon.*

Aluminium capacity

THE HAGUE — Billiton International Metals BV and Aluminium Company of America plan to increase the primary aluminium smelter capacity of their new alumar plant in Brazil to 245,000 tonnes per year from 100,000 tonnes, Billiton said. Reuter

Potato prices fall back

By Richard Mooney

POTATO PRICES fell back further on the London futures market yesterday as traders adjusted assessments of the coming crop after the weekend's heavy rains.

The April 1985 position ended the day £9.20 down at £99.20 a tonne. This took the fall from recent drought-induced highs to more than £35 a tonne.

The fall *started* when weather forecasters predicted wetter conditions at the end of last month and was sustained in spite of the fact the promised rains were slow in coming.

PRICE CHANGES

In tonnes unless stated otherwise	Aug. 6 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1100
ec Mkt	$1175/1205	......	£1180/122
Copper			
Cash h Grade	£1013.5	+3.5	£978.5
3 mths	£1033.25	+4.5	£998.75
Cash Cathode	£1016	+1	£983.25
3 mths	£1033	+4	£1001.75
Gold troy oz	$350.25	+1.87	$340
Lead Cash	£362	—12.75	£353.5
3 mths	£360.25	—11.25	£353.75
Nickel	£5202	......	£5202
Free Mkt	208/228c	......	205/229c
Palladium oz	$138.00	+1.50	$135.50
Platinum oz	$337.50	—2	$345.00
Quick Silver†	$500/510	......	$295/305
Silver troy oz	580.05p	+9.50	563.20p
3 mths	596.15p	+10.0	566.60p
Tin cash	£9505	......	£9460
3 mths	£9422.5	+5	£9397.5
Tungsten	$89.55	......	$85.23
Wolfram22 04lb	$76/80	......	$82.87
Zinc	£635	—7.5	£622
3 mths	£638	—9.25	£630.75
Producers	$890	......	$1040

	Aug. 6 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1360y	—30	‡
Groundnut	$1000u	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$570z	—10	$555
Seeds			
Copra Phil	$740u	......	$700
Soyabean (U.S.)	$263.5z	......	$276.75
Grains			
Barley Fut. Nov.	£109.60	......	£109.95
Maize	£148.50	......	£153.50
Wheat Fut. Nov.	£110.00	+0.05	£110.10
No2 Hard Wint.	‡	......	‡
Other commodities			
Cocoa ship't*	£1897	+31	£1813
Futures Dec.	£1672	+9	£1747.5
Coffee Ft. Nov.	£2248	—10	£2263.5
Cotton A index	77.75c	+1.20	81.40c
Gas Oil Sept.	$228.75	+1.5	$237
Rubber (kilo)	66.5p	......	62.75p
Sugar (raw)	£84.5u	—1	£96.25
Wooltops 64s	464p kilo	—2	488p kilo

‡ Unquoted. z Sept. v Sept-Oct. u Aug-Sept. y July-Aug. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.20-27.50	+0.08
Dubai Fateh	26.85-27.10	+0.12
Arab Heavy	26.30-26.45	—0.05
North Sea (Forties)	26.70-26.80	—0.1
North Sea (Brent)	*27.90-28.00*	*+0.2*
African (Bonny Li'ht)	27.35	+0.05
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	256-262	+3
Gas Oil	224-221	—3
Heavy fuel oil	175-177	—

GAS OIL FUTURES

Gas oil prices opened about a dollar higher and eased back in very thin conditions during the early part of the day. A steady opening in New York took the market back towards the highs and it remained there until the close, reports Premier Man.

Turnover: 1,346 (3,856) lots of 100 *tonnes*.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Aug.	225.00	+0.50	226.50-24.50
Sept.	228.75	+1.50	229.00-27.25
Oct.	232.50	+1.00	232.00-31.25
Nov.	236.00	+1.25	239.75-34.50
Dec.	239.00	+0.75	238.75-34.50
Jan	239.50	+1.25	239.50
Feb.	237.50	+2.50	237.50
March.	233.00	+2.00	—
April	230.00	+2.00	—

GOLD MARKETS

Gold rose $1¾ from Friday's close in the London bullion market yesterday to finish at $350-$350½. It opened at $351¼-$351¾ and traded between a high of $354-$354½ and a low of $347½-$348½. The morning fix was at $352.40 and the afternoon fix at $349.25.

In Paris the 12½-kilo gold bar was fixed at FFr 99,750 per kilo ($352.67 per ounce) in the afternoon, compared with FFr 99,500 ($351.89) in the morning and FFr 98,950 ($348.74) on Friday afternoon.

In Frankfurt the 12½-kilo bar wa fixed at DM *32,520* per kilo ($352.99 per ounce), against DM 32,210 ($347.72) and closed at $349-$349½.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $351.40 per ounce, compared with $345.65.

In Zurich gold closed at $349-$349½ per ounce, compared with $349¼-$349¾.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Aug	349.80-50.00	—	352.00-49.50
Oct	356.20-57.20	+1.45	359.50-57.50
Dec	362.40-62.50	—0.25	366.50-60.50
Feb.	369.80-69.40	—0.65	372.0
April	376.20-76.70	—0.50	—
June	383.50-84.20	—0.20	—

	Aug. 6		Aug. 3	
Gold Bullion (fine ounce)				
Close	$350-350½	(£264¾-265¼)	$348-348¾	(£263-263½)
Opening	$351¼-351¾	(£264-264½)	$346½-347	(£263½-264)
Morning fixing	$352.40	(£265.062)	$347.60	(£263.297)
Afternoon fixing	$349.25	(£263.884)	$349.25	(£263.287)

Gold and Platinum Coins Aug. 6

Krugrnd	$360½-362	(£272¾-273¾)	King Sov	$84-85¼	(£63¼-64¼)
½ Krug.	$183¼-186¼	(£139-141¼)	Victoria Sov	$84-85¼	(£63¼-64¼)
¼ Krug.	$96-96½	(£71½-72¼)	French 20s	$67¼-68¾	(£51-52)
1/10 Krug.	$38-40	(£28½-30¼)	50 Pesos Mex	$435½-438½	(£330½-332½)
Mapleleaf	$360½-362	(£273¼-273¾)	100 Cor. Aust	$339-344	(£257-260½)
New Sov.	$81½-85¼	(£61¼-64¼)	$20 Eagles	$530-565	(£401¼-438¼)
½ New Sov.	$49¼-50½	(£37¼-38¼)	Noble (Plat.)	$347-351	(£262½-265½)

EUROPEAN MARKETS

Maize—(U.S.$ per tonne): U.S. three yellow afloat cif Ghent 159, Aug 151, Sept 147, Oct/Dec 137, Jan/March 141.50 sellers. Argentine Plate afloat 161, Aug 160, Sept 163 sellers.

ROTTERDAM, August 6.

Wheat—(U.S.$ per tonne): U.S. two soft red winter Sept 156, Oct 160, Nov 163.50. U.S. two northern spring 14 per cent protein Aug 184, Sept 177, Oct 177, *Nov 180, Nov 15/Dec 15* 181.75. U.S. northern spring 15 per cent protein Aug 188.50, Sept 182, Oct 182, Nov 185, Nov 15/Dec 15 187. U.S. three hard amber durum Sept 195, *Oct 192, Oct 15/Nov 15* 194.50, mid-Nov/mid-Dec 202, April/May 206. Canadian one western amber durum July 25/Aug 10 197, Oct/Nov 208, Nov/Dec 210.

Soyabeans—(U.S.$ per tonne): U.S. two yellow Gulfports Sept 257.50, Oct 249.75, Nov 249.30, Dec 251.80, Jan 256.20, Feb 261, March 265, April 267.75, May 271.80 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 170, Oct 183, Oct/Dec 184, *Nov/March* 188 sellers. Pellets Brazil afloat 180, July 180, Aug 180, Sept 184, Oct 192, Oct/Dec 196 sellers. Pellets Argentine afloat 172, Aug 172.50, Sept 175.50, Oct 185, Oct/Dec 189 sellers.

PARIS, August 6.

Sugar—(FFr per tonne): Oct 1315-1316, Dec 1345-1351, March 1420-1425, May 1465-1480, Aug 1540-1555, Oct 1585-1640.

Cocoa—(FFr per 100 kg): Sept 2104-2105, Dec 1930-1938, March 1910-1925, May 1915 bid, July 1920 bid, Sept 1925 bid, Dec 1930 bid.

BRITISH COMMODITY PRICES

BASE METALS

BASE METAL PRICES were mixed on the London Metal Exchange. The bigger than expected decline in stocks in LME warehouses and a strong opening on Wall Street boosted COPPER to a closing level of £1,034.5 while good demand from one quarter lifted NICKEL to £3,725. A disappointingly low stocks fall prompted persistent *chartist and nervous selling of LEAD* which fell away to £356, before closing at £358 while chartist selling also lowered ZINC to £636 prior to a close of £641. TIN was little changed on balance.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1009-10	+1.75	1013-4	+3.5
3 months	1029-.5	+2.25	1033-.5	+4.5
Settlem't	1010	+2	—	......
Cathodes				
Cash	1010-11	—3	1015-7	+1
3 months	1028-.5	+1.25	1032-4	+4
Settlem't	1011	—3	—	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,009.5, three months £1,030, 30.5, 30, 29.5, 30, 29.5, 29. Cathodes: Cash £1,012, 11. Kerb: Higher Grade: Three months £1,030, 30.5. Afternoon: Higher Grade: Three months £1,031, 30.5, 31, 31.5, 32, 33, 34, 35, 34, 33.5, 33. Kerb: Higher Grade: Three months £1,033, 32.5, 33, 34, 34.5, 35. Turnover: 17,900 tonnes. U.S. Producers: 63-67 *cents per pound*.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9487-90	—19	9500-10	—
3 months	9435-40	—7.5	9445-50	+2.5
Settlem't	9490	—20	—	......
Standard				
Cash	9487-90	—19	9500-10	—
3 months	9401-5	—14.5	9420-5	+5
Settlem't	9490	—20	—	......
Straits E.	$29.15	......	—	......

Tin—Morning: *Standard*: Cash £9,487, three months £9,405, 10, 06, 07, 05. High Grade Three months £9,435. Kerb: Standard: Three months £9,405, 9,400, 01. High Grade: Three months £9,435. *Afternoon: Standard: Three months* £9410, 11, 20. High Grade: Three months £9,450. Kerb: Standard: Three months £9,425. Turnover: 1,685 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	363.5-4	—8.5	361-3	+12.5
3 months	364-.5	—5	360-.5	—11.2
Settlem't	364	—8.5	—	......

Lead—Morning: Three months £363, 62.5, 63, 62. Kerb: Three months £363, 63.5. Afternoon: Three months £364, 63.5, 63, 62.5, 62, 61.5, 61, 60. Kerb: Three months £360, 59, 58, 57, 56, 57. Turnover: 16,150 tonnes. U.S. Spot: 28-34 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	637-8	—6.5	634.5-5.5	—7.5
3 months	641-2	—6.5	637.5-8.5	—9.25
Settlem't	638	—7	—	......

Zinc—Morning: Three months £642.5, 42, 40, 39, 40, 39, 38, 39, 40, 42. Kerb: Three months £641.5, 41. Afternoon: Three months £640, 39, 38, 37.5, 38, 36, 37, 38. Kerb: Three months £638.5, 39, 40. Turnover: 15,625 tonnes. U.S. *Prime Western*: 50.50-50.75 *cents per* pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	878.5-9.5	+5	876.5-7.5	—5
3 months	902-.5	+5	900-.5	—6

Aluminium—Morning: Three months £902, 02.5. Kerb: Three months £903, 02.5, 02, 02.05. Afternoon: Three months £902, 03.5, 01.5, 01, 900.5, 900. *Kerb: Three months £900, 899.5, 99,* 98, 99, 98.5, 98, 97.5, 98, 98.5. Turnover: 37,675 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3640-50	+5	3640-5	+22.5
3 months	3724-5	+2.5	3721-5	+18

Nickel — Morning: Three months £3,695, 3,705, 3,700, 05, 10, 20, 25, 6. Kerb: Three months £3,725, 20. Afternoon: Three months £3,720, 25. Kerb: Three months £3,725, 29. Turnover: 783 tonnes.

SILVER

Silver was fixed 9.5p an ounce higher for spot delivery in the London bullion market at 580.05p. U.S. cents equivalents of the fixing levels were: spot 770c, up 16c; three-month 791.2c, up 16.7c; six-month 814.4c, up 16.8c; and 12-month 866.5c, up 19.7c. The met alopened at 579½-582½ (771-774c) and closed at 577-580p (763-768c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffial	+ or —
Spot	580.05p	+9.50	577p	+4
3 months	596.15p	+10.0	593.5p	+4
6 months	611.85p	+9.40	—	......
12 months	646.40p	+10.9	—	......

LME (2,000 oz contract): Cash 577p (573p); three months 593.5p (589.5p). Turnover: 0 (0).

Turnover: 113 (49) lots of 10,000 ozs. Morning: Large 1st ring three months 599; 2nd ring three months 598, 97.5. Kerb: large three months 598.5. Afternoon: large 2nd ring three months 593. Kerb: untraded.

COCOA

Futures opened on a steady note, although due £10 lower, and held the gains through to the close. With producers continuing withdrawn physical activity was restricted to light con*sumer offtake* and some limited second-hand business, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept.	1836-37	+21.0	1838-10
Dec.	1671-73	+9.0	1675-56
March	1646-47	+6.0	1650-38
May	1658-60	+6.0	1660-53
July	1665-70	+4.0	1670-63
Sept.	1676-80	+0.6	1680-76
Dec.	1680-85	—7.0	1685-76

Sales: 3,154 (5,949) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound): Daily prices for August 6: 98.33 (98.02): five-day average for August 7: 96.36 (96.06).

COFFEE

Despite opening slightly higher robustas drifted lower during a quiet morning as some light dealer activity met little support, reports Drexel *Burnham Lambert. Afternoon dealings* were only marginally higher and prices closed around the lows on nearbys.

COFFEE	Yesterd'ys Close	+ or —	Business Done
Sept	2228-29	—15.0	2246-25
Nov	2247-49	—10.0	2263-47
January	2202-04	—5.5	2210-08
March	2037-40	+11.0	2040-30
May	2011-14	+3.0	2012-09
July	1997-99	+1.0	1997-95
Sept	1980-00	+10.0	1992-80

Sales: 1,217 (2,758) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for August 3: Comp daily 1979 139.32 (138.70): 15-day average 139.53 (139.70).

GRAINS

The markets remained in a narrow range with good buying interest on dips in quiet, flat trading, reports Muirpace.

Business done—Wheat: Sept 106.60 *only, Nov 110.00-9.95, Jan 113.55 only,* March 116.55 only, May 119.60 only. July untraded. Sales: 74 lots of 100 tonnes. Barley: Sept 106.30-6.00, Nov 109.60-9.30, Jan 112.85-2.60, March 115.85-5.50, May untraded. Sales: 198 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
Sept	106.70	—	106.30	—
Nov	110.00	+0.05	109.60	—
Jan	113.55	+0.10	112.85	+0.05
Mar	116.55	—0.10	115.85	+0.10
May	118.70	—	118.20	+0.05
July	122.75	—	—	—

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 102.20, E. Midlands 100.90, N. East 103.00, *Scotland* 102.10p. The UK monetary coefficient for the week beginning Monday August 13 (based on HGCA calculations using four days' exchange rates) is expected to change to 0.99.

LONDON GRAINS—*Wheat*: U.S. Dark Northern Spring No 1 14 per cent 144.75 Oct 146.25, Nov 147.25 transshipment East Coast. English feed fob Sept 109, Oct/Dec 114, April/June 123 sellers East Coast. Maize: U.S. No 3 Yellow/French Aug 148.50 seller trans-shipment East Coast. Barley: English feed fob Aug 107 Scotland, Aug 106 Selby, Sept 107.50, Oct 113 East Coast sellers. Rest unquoted.

PIGMEAT

Prices opened firm on rumours of an outbreak of Aujeszky's disease in the Sussex *area which encouraged short*-covering and fresh speculative buying. This continued throughout the day and although profit-taking on the close stemmed any further advance values closed fully steady, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Oct	121.00	119.90	121.40-120.2
Nov	122.40	121.50	122.60-121.8
Feb	119.00	118.20	119.00-118.5
April	119.00	118.40	118.90-118.8
June	117.20	117.10	—
Aug	116.90	115.5	—

Sales: 222 (62) lots of 50 carcases 3,250 kilos.

POTATOES

Heavy weekend rainfall and high Dutch yield estimates pushed levels sharply lower triggering stop-loss orders which placed further pressure on the market, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	76.70	82.80	76.65-76.50
Feb	84.40	91.80	87.00-84.50
April	99.20	110.00	105.0-98.00
May	106.00	116.80	110.0-106.0
Nov.	78.50	78.60	—

Sales: 1,432 (1,076) lots of 40 tonnes.

RUBBER

FUTURES — Close (in order: buyer, seller, business). RSS No. 1 £ per tonne. Sept 665, 680, 670; Oct 680, 690, nil; Nov 695, 705, 700; Dec 710, 718, nil; Jan 717, 728, nil; Feb 732, 738, nil; March 736, 750, nil; April 744, 763, nil; May 753, 775, nil; 1984 Oct-Dec 689, 701, nil; 1985 Jan-March 730, 735, nil; 1985 April-June 750, 772, nil. Sales: 2 (8) lots of 5 tonnes, 0 (13) lots of 15 tonnes.

PHYSICALS — The London market *opened about unchanged, attracted* very little interest throughout the day and closed quiet and easier, reports Lewis and Peat. Closing prices (buyers), spot 66.50p (same), Sept 73.50p (74.00p): Oct 75.00p (76.00p). The Kuala Lumpur August fob prices for RRS No 1 was 207.5 (208.0) cents a kg and for SMR 204.0 (203.5).

SOYABEAN MEAL

	Yestday's close	+ or —	Business Done
	£ per tonne		
August	128.00-52.80	—0.50	—
October	135.50-35.90	—0.25	136.50
Dec	142.00-42.50	—0.25	145.00-42.50
Feb	148.60-48.90	—0.40	149.00-48.70
Apr	148.50-49.20	—0.75	150.60-49.00
June	148.70-48.40	—1.00	—
August	149.50-51.50	—0.25	—

Sales: 31 (148), lots of 100 tonnes, 117 (2,062) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £84.50 ($112.00), down £1.00 (down $1.00), a tonne for August-September delivery. White sugar $151.00, up $2.00.

The market was completely devoid of buing interest at the higher levels touched on Friday and losses of some $2.00 soon occurred. Thereafter arbitrage buying helped prices to steady, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct.	120.80-21.50	121.60-21.80	123.00-20.60
Dec.	129.40-29.60	129.80-30.00	130.20-28.20
Mar.	144.60-44.80	145.20-45.40	147.40-44.40
May	151.80-51.90	153.20-53.50	154.50-51.40
Aug	160.20-60.40	162.00-63.00	162.40-61.80
Oct	168.00-68.80	170.20-71.00	171.40-70.20
Dec	176.00-76.80	178.00-81.00	174.00

Sales: No 6 1,614 (2,734) lots of *50 tonnes*.

Tate and Lyle delivery price for granulated basis sugar was £197.00 (£197.50) a tonne for export.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports). Prices to August 3: Daily price 4.14 (4.21): 15-day average 4.38 (4.39).

TEA AUCTIONS

LONDON TEA AUCTION—16,310 packages were on offer, including 1,400 packages in the offshore section. A strong demand prevailed. The few best East Africans on offer were about steady, while mediums met keen competition with colour lines frequently 4-8p dearer by the close; dusts also came in for more enquiry. Central African CTCs and clean Mozambique teas were again well supported and often moved 2-5p higher. Ceylons sold well at prices which were generally 5-10p above valuations. Offshore teas met good demand at fully firm rates. *Quotations*: quality unquoted (same), medium 245p a kg (242p), low medium 214p a kg (210p).

WOOL FUTURES

BRADFORD — Only limited business was placed before the holiday fortnight. Some orders were taken on, but only to keep machinery booked for a little *further ahead since trading* risks at present are too great.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer seller, business). New Zealand cents per kg. Aug 503, 512, 505-502; Oct 523, 527, 527-523; Dec 524, 528, 528-523; Jan 524, 528, 528-523; March 530, 533, 535-530; May 540, 542, 541-534; Aug 553, 558, 554-548; Oct 558, 561, 560-551; Dec 558, 562, 560-552; Jan 558, 562, 560-552. *Sales*: 204.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 564.0, 564.0, 564.0; Dec 568.5, 569.0, 569.0-568.5; March 577.0, 581.0, untraded; May 585.0, 587.0, untraded; July 591.0, 600.0, untraded; Oct 585.0, 600.0; Dec 585.0, 605.0, untraded; March 585.0, 610.0, untraded. Sales: 8.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 40 tonnes. Few contracts of note were secured with only minimal evidence of fresh demand. Users adopted a cautious tone and activity was confined to scattered interest in African and South American type qualities.

INDICES

FINANCIAL TIMES

Aug. 3	Aug. 2	M'th ago	Year ago
293.09	292.07	297.47	269.71

(Base: July 1 1952 = 100)

REUTERS

Aug. 6	Aug. 3	M'th ago	Year ago
1871.4	1874.6	1895.7	1943.0

Base: September 18 1931 = 100)

MOODY'S

Aug. 3	Aug 2	M'th ago	Year ago
1016.1	1011.7	1034.5	1079.5

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Aug. 3	Aug. 2	Month ago	Year ago
Spot	130.21	129.07	131.36	144.35
Fut	129.08	127.05	128.52	149.77

(Base: December 31 1974 = 100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 75.0-82.0; English forequarters 49.0-54.0. Veal — Dutch hinds and ends 121.0-126.0. Lamb—English small 65.0-70.0, medium 64.0-68.0, heavy 62.0-64.0; Imported: New Zealand PL 66.8-67.8, PX 59.8-60.8, YL *63.8-65.0. Pork—English under 100 lb* 52.0-58.5, 100-120 lb 54.0-57.5, 120-160 lb 52.0-53.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.64p per kg lw (+1.78). GB—Sheep 151.25p per kg est dcw (+3.68). GB—Pigs 83.09p per kg lw (—0.82).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package unless otherwise stated. English produce: Apples: per lb, Bramley new crop 0.30, Grenadier 0.20-0.21, Howgate 0.24-0.25, George Cave 0.22-0.25. Gooseberries: per lb 0.16-0.17. Cherries: per lb 0.50-0.65. Strawberries: ½ lb 0.60-0.90. Raspberries: ½ lb 0.40-0.50. Blueberries: ½ lb punnet 0.80-0.90. Blackberries: ½ lb 0.20-0.24. Blackcurrants: ½ lb punnets 0.18-0.20. Potatoes: per bag 56 lb, 2.80-3.80. Mushrooms: per lb, open 0.60-0.75, closed 0.80-0.90. Lettuce: per tray round 1.00-1.20. Cos dozen 1.40-1.50; Webb's 1.40; Iceberg 12's 4.00, 15's 3.00. Carrots: 28 lb new crop 1.40-2.00. Greens: Primo 1.40-1.50. Tomatoes: tray 12 lb 2.80-3.00. Sugar Peas: 1.20-1.50. Cucumbers: tray 1.50-1.80. Cauliflowers: dozen, Lincs 2.50-3.00. Spring Onions: bunch 0.09-0.10. Radishes: bunched 0.12-0.14. Celery: 3.00-3.50. Watercress: ice pack 20's 3.40-3.50. Salad: Crispa 16's 1.00-1.10. Courgettes: per lb 0.10-0.12. Stick Beans: per lb 0.50-0.60. Ground Beans: per lb 0.25-0.28. Peas: per lb 0.16-0.18. Beetroot: bags 28 lb 2.00-2.50. Onions: 55 lb bag 6.00-7.00. Calabrese: per lb 0.60-0.70. Capsicums: per lb 0.35-0.40. Marrows: dozen 1.60-1.80. Corn: Isle of Wight, each 0.15-0.22.

Supermarket wine disappoints experts

MANY OF Britain's supermarkets are buying wine purely on price and regardless of quality, says the Consumers' Association.

"With a few honourable exceptions, we were deeply disappointed that so many supermarkets are selling wine below par—*either* poorly made or badly kept and out of condition," said the editor of Which? Wine Monthly.

AMERICAN MARKETS

NEW YORK, August 6.

Precious metals declined after reports appeared in the press that Volcker, chairman of the Federal Reserve Board, had declared in private that he was not opposed to raising interest rates if necessary, reports Heinold Commodities. Copper prices were lower on arbitrage action. Aluminium prices declined sharply as general bearishness permeated the *market with the volume of trading* staying light. Heating oil traded on both sides of the previous close, looking for direction, there was a significant change in trading psychology, with market expectations no longer focusing on further likely declines in *price in response to depressed spot* prices. Sugar was nominally higher as speculative bargain hunting attracted light support after the market recorded new contract lows. Cotton prices sold off sharply as moisture in the Delta increased. Cocoa continued firm on reports that Nigeria is experiencing shipping slowdowns. Coffee was under light selling pressure in the nearby months as commission houses pressed the market. Grains and soyabeans were mixed on active commercial buying which was partially offset by local selling; the market were awaiting the weekly government crop and weather bulletins for all major states.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	52.40	—	—	53.10
Sept	52.80	53.60	52.40	53.60
Oct	53.40	—	—	54.30
Dec	54.90	55.25	54.25	55.40
Jan	55.20	—	—	56.00
March	56.40	56.40	56.40	57.20
May	57.60	57.60	57.50	58.40
July	58.80	58.80	58.70	59.60
Sept	60.00	59.00	59.90	60.80
Dec	61.80	—	—	62.40

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	2108	2113	2058	2058
Dec	2040	2062	2030	2042
March	2045	2055	2045	2052
May	2063	2081	2081	2070
July	2095	2081	2081	2092
Sept	2108	—	—	2117
Dec	2138	—	—	2147

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	139.78	40.50	38.30	40.73
Dec	136.84	37.25	36.50	37.48
March	135.08	35.80	34.85	36.00
May	134.15	34.15	33.50	34.50
July	133.23	32.50	32.50	33.73
Sept	131.13	—	—	31.01
Dec	130.13	30.00	30.00	30.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	58.35	—	—	58.30
Sept	58.85	59.65	58.60	58.35
Oct	59.45	—	—	59.95
Dec	60.70	61.40	60.50	61.15
Jan	61.30	—	—	61.75
March	62.55	63.40	62.40	63.00
May	63.80	63.80	63.70	64.25
July	65.05	65.30	65.25	65.50
Sept	66.30	66.50	66.40	66.75
Dec	68.20	68.40	68.15	68.65

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	68.08	69.15	67.65	68.50
Dec	68.52	68.97	68.20	69.22
March	70.20	70.60	69.81	70.95
May	71.00	71.50	70.76	71.80
Oct	71.50	—	—	71.50

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
Sept	28.96	28.96	28.62	28.78
Oct	29.17	29.19	28.82	29.00
Nov	29.32	29.32	28.85	29.10
Dec	29.43	29.43	29.05	29.20
Jan	29.33	29.27	29.00	29.12
Feb	29.00	—	—	28.95
March	28.90	28.90	28.84	28.90
April	28.98	28.85	28.86	28.90
May	28.98	—	—	28.90
June	—	—	—	28.90

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	348.8	353.0	347.0	350.4
Sept	351.2	—	—	352.8
Oct	354.6	358.9	352.0	356.2
Dec	361.5	365.5	359.4	363.0
Feb	368.5	372.5	366.5	370.0
April	375.5	377.8	374.5	377.0
June	383.0	386.0	383.0	384.5
August	390.8	389.0	389.0	392.2
Oct	398.7	—	—	400.2
Dec	406.8	407.5	405.9	408.3
Feb	415.2	417.5	415.0	416.7
April	428.0	—	—	425.4
June	436.5	—	—	433.9

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Sept	76.75	76.75	75.86	76.19
Oct	77.85	77.85	76.90	77.24
Nov	78.85	78.85	78.10	78.22
Dec	80.05	80.05	79.25	79.32
Jan	80.30	80.30	79.85	79.50
Feb	79.00	78.75	78.75	78.50
March	—	—	—	77.00
April	75.50	—	—	76.01
May	—	—	—	75.85
June	—	—	—	74.80

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	172.65	73.00	70.45	70.85
Nov	170.20	70.50	68.00	68.00
Jan	170.00	70.75	67.25	67.50
March	170.00	—	—	67.50
Sept	169.75	70.00	69.00	67.35
Nov	169.75	70.00	69.90	67.35
Jan	69.75	—	—	67.35

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	337.7	338.0	333.0	341.9
Oct	340.5	345.0	338.0	344.7
Jan	350.8	355.0	348.0	355.0
April	359.4	364.2	358.7	363.6
July	368.1	368.0	368.0	372.3
Oct	376.9	—	—	381.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
August	767.5	782.5	761.0	770.0
Sept	768.5	778.0	758.0	776.0
Oct	771.2	—	—	783.7
Dec	786.0	801.5	780.0	798.6
Jan	793.8	803.8	801.0	806.5
March	809.4	824.0	809.0	822.2
May	825.4	838.0	827.0	838.4
July	842.0	855.0	840.0	856.1
Sept	859.9	869.0	858.0	873.0
Dec	887.7	898.0	890.0	900.8

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.25	4.29	4.17	4.27
Oct	4.44	4.46	4.34	4.43
Jan	4.91	4.93	4.81	4.96
March	5.47	5.50	5.40	5.52
May	5.77	5.80	5.70	5.84
July	6.07	6.09	6.00	6.16
Sept	6.27	6.33	6.30	6.40
Oct	6.53	6.54	6.45	6.59
Jan	6.95	6.96	6.85	7.04

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Aug	64.85	65.32	64.67	64.67
Oct	62.65	63.15	62.45	62.67
Dec	63.62	64.25	63.60	63.77
Feb	64.12	64.60	63.95	64.12
April	64.65	65.35	64.80	64.85
June	66.00	66.25	65.80	66.00

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Aug	53.60	54.25	53.25	53.22
Oct	47.87	49.87	48.65	49.25
Dec	50.97	51.80	50.70	51.15
Feb	52.45	53.20	52.15	52.57
April	48.87	49.45	48.70	48.90
June	52.05	52.35	51.85	52.12
July	53.10	53.45	53.10	53.20
Aug	51.70	52.00	51.70	52.00
Oct	49.67	49.67	49.67	49.67

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
Sept	299.6	300.0	297.0	297.4
Dec	284.6	287.4	283.0	286.0
March	292.6	295.4	291.2	291.6
May	298.4	301.0	297.0	300.2
July	301.2	304.4	300.4	303.4
Sept.	295.4	296.4	294.4	295.2
Dec	287.0	287.0	286.4	287.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Aug	57.00	58.90	56.75	58.65
Feb	66.32	68.50	66.32	68.32
March	65.75	67.75	65.75	67.75
May	67.25	69.00	67.25	69.25
July	68.90	70.95	68.90	70.90
Aug	66.80	66.80	66.80	68.50

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Aug	634.4	636.0	629.4	633.4
Sept	635.2	638.0	629.4	633.0
Nov	638.0	638.4	627.0	631.4
Jan	649.0	651.0	641.4	645.2
March	663.4	668.4	654.4	660.2
May	673.0	676.0	666.4	670.0
July	678.0	681.0	672.0	675.0
Aug	675.0	675.0	670.0	672.0
Sept	662.0	—	—	660.0
Nov	655.0	655.0	655.0	653.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Aug	157.9	158.2	158.5	157.8
Sept	160.7	161.0	159.2	160.5
Oct	163.3	163.5	161.3	163.0
Dec	167.6	168.4	166.4	167.7
Jan	170.3	170.8	169.2	170.7
March	172.5	175.0	172.5	172.5
May	177.0	177.5	176.5	176.5
July	179.5	—	—	179.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Aug	27.70	27.70	27.41	27.65
Sept	26.83	26.90	26.60	26.87
Oct	25.73	25.90	25.45	25.88
Dec	25.22	25.39	24.80	25.05
Jan	25.25	25.30	24.80	25.12
March	25.25	25.30	24.90	25.10
May	25.30	25.30	24.95	25.08
July	25.40	25.55	25.10	25.22
Aug	25.25	—	—	25.10

WHEAT 5,00 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Sept	352.0	355.4	350.4	355.2
Dec	371.0	374.4	369.2	374.4
March	382.0	384.6	380.2	385.4
May	383.0	386.0	382.0	386.8
July	367.6	370.2	367.0	370.8
Sept	373.4	—	—	378.0

SPOT PRICES—Chicago loose lard 27.00 (same) cents per pound. New York tin 573.0-84.0 (574.0-85.0) cents per pound. Handy and Harman silver bullion 759.0 (761.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Partial recovery by dollar

The dollar recovered part of the losses made in the latter part of last week on the foreign exchanges yesterday, after U.S. traders showed renewed interest in buying the currency. It opened slightly firmer in Europe, but the market was rather quiet, with the major point of interest this week likely to be the package of U.S. Treasury auctions.

It was suggested these should help to underpin the dollar, but there is unlikely to be any other major statistical news to add stimulus to trading, until publication of the U.S. producer price index on Friday. This will be monitored closely for any sign of rising inflationary pressure after recent signs that inflation may be held in check by a slowdown in economic growth.

The main reasons for yesterday's partial recovery were covering of short positions after Friday's sharp fall, and the continued high level of Federal funds rate in New York.

In thin trading the dollar rose to DM 2.8850 from DM 2.8610 against the D-mark FFr 8.8525 from FFr 8.7905 against the French franc; SwFr 2.4210 from SwFr 2.4060 in terms of the Swiss franc and Y243.05 from Y241.80 against the Japanese yen.

On Bank of England figures the dollar's trade-weighted index rose to 136.7 from 136.3.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3020. July average 1.3210. Trade-weighted index 78.9 against 79.0 at noon and the opening, 78.8 at Friday's close and 82.1 six months ago.

Sterling lost 1 cent to $1.3170-1.3180 against the strong dollar, and showed mixed changes against other major currencies. The pound touched a peak of $1.3320, but drifted down in the afternoon on continued concern about the effect on the UK economy of weak oil prices and the miners' strike. A fall of 0.4 per cent in UK producer prices was well received, however. Sterling rose to DM 3.8050 from DM 3.7950, but eased to FFr 11.6650 from FFr 11.67; SwFr 3.19 from SwFr 3.1295; and Y319.75 from Y320.50.

D-MARK — Trading range against the dollar in 1984 is 2.9145 to 2.5535. July average 2.8473. Trade-weighted index 123.8 against 125.1 six months ago.

The D-mark weakened against most major European currencies at the Frankfurt fixing, but improved against the dollar. The Bundesbank sold $8.2m when the dollar fell to DM 2.8680 from DM 2.8832. The U.S. currency rose from an opening level of DM 2.8575 however on short covering, and was fairly quiet waiting for the opening of New York trading. Expectations of less upward pressure on U.S. interest rates has led to a decline in the dollar recently, but dealers suggested rates may be fairly firm this week on the $16.75bn U.S. Treasury refunding programme. Sterling rose to DM 3.8080 at the fixing from DM 3.8050, the Swiss franc to DM 1.1912 from DM 1.1852; and the Dutch guilder to DM 88.58 per 100 guildersf rom DM 88.565. The French franc was unchanged at DM 32.58 per 100 francs, but the Belgian franc fell to DM 4.9390 per 100 francs from DM 4.9420.

DUTCH GUILDER—Trading range against the dollar in 1984 is 3.2935 to 2.8790. July average 3.2138. Trade-weighted index 113.1 against 114.1 six months ago.

The guilder rose against the dollar at the Amsterdam fixing. The U.S. currency fell to Fl 3.2365 from Fl 3.2485, but was above its opening level of Fl 3.2268. Trading was generally quiet and featureless, with the guilder weaker overall against the other major currencies. Sterling rose to Fl 4.2940 from Fl 4.2880; the D-Mark to Fl 1.12905 from Fl 1.1257; the Swiss franc to Fl 1.3449 from Fl 1.3372; and the French franc to Fl 36.80 per 100 francs from Fl 36.76.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.3716	+1.05	+1.00	±1.5447
Danish Krone	8.14104	8.18061	+0.49	+0.44	±1.6425
German D-Mark	2.24184	2.24014	−0.08	−0.13	±1.0642
French Franc	6.87456	6.87445	—	−0.05	±1.4052
Dutch Guilder	2.52595	2.52944	+0.14	+0.09	±1.4964
Irish Punt	0.72569	0.728364	+0.37	+0.32	±1.6699
Italian Lira	1403.49	1377.51	−1.85	−1.85	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	Aug. 6	Prev. close
Spot	$1.3165-3165	$1.3290-3.300
1 month	0.07-0.03 pm	0.06-0.04 prem
3 months	0.03-0.02 pm	0.08-0.04 prem
12 months	1.30-1.40 dis	1.00-1.15 dis

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

Aug. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.767669	0.589225
U.S. $	9	1.01980	0.781899
Canadian $	12.65		1.02100
Austria Sch	4½	20.5324	15.7396

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Asian $ (closing rates in Singapore): Short-term 11⁷⁄₁₆-11⁹⁄₁₆ per cent; seven days 11½-11⅝ per cent; one month 11⁷⁄₁₆-11⁹⁄₁₆ per cent; three months 11⅝-11¾ per cent; six months 11⅞-12 per cent; one year 12⅜-12½ per cent. Long-term Eurodollars: two years 13¼-13⅜ per cent; three years 13⅜-13⅝ per cent; four years 13½-13¾ per cent; five years 13½-13¾ per cent nominal closing rate. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Prices weak

Prices weakened on the London International Financial Futures Exchange yesterday. Eurodollar's for September delivery opened steady at the previous settlement level of 88.51, but were then sold on concern that the sudden bout of enthusiasm seen in U.S. credit markets towards the end of last week was about to run out of steam. The opening turned out to be the highest level of the day, and the contract touched a low of 88.27 when Federal funds opened firm in New York and moved even higher. It closed at 88.32.

U.S. Treasury bond futures opened weak, but little changed from the Chicago close on Friday. The soft undertone persisted, with the market seeing little of interest, apart from the U.S. Treasury auctions, until the U.S. producer price index is published Friday. The opening of 65-28 was almost the high of the day, and as confidence drained from the market September bonds closed at 65-15 compared with 65-30 previously.

Gilts opened firm, with the September contract at 103-05, but failed to hold their best levels as sterling slid against the firm dollar on the foreign exchanges and cash prices gave up small early gains. On the other hand there was a reasonable mood of optimism about today's UK money supply figures, while yesterday's figure on UK producer prices, showing a fall of 0.4 per cent was also regarded as encouraging. September gilts finished at 102-25, compared with 102-30 on Friday.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	88.32	88.51	88.27	88.51
Dec	87.93	88.15	87.86	88.19
March	87.60	87.78	87.59	87.87
June	87.37	87.47	87.37	87.64
Sept	87.17	87.39	87.17	87.50

Est volume 4,427 (7,020)
Previous day's open int 13,237 (13,953)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	65-15	65-29	65-08	65-30
Dec	64-29	65-06	64-23	65-11
March	64-15	—	—	64-26

Est volume 806 (2,550)
Previous day's open int 1,376 (1,051)

CHICAGO

MONEY MARKETS

Further decline in London rates

Interest rates continued to decline on the London money market yesterday as sterling held steady against most currencies apart from the dollar. There was aso sign of increased hope that today's announcement of UK money supply and bank lending will be reasonably encouraging, while the fall of 0.4 per cenlt in British prodncer prices was better than expected and backed up earlier comments by Mr Robin Leigh-Pemberton, Governor of the Bank of England, about inflation remaining under control ataround 5 per cent.

UK clearing banks' base lending rate 12 per cent (since July 12-13)

In an interview with the press Mr Leigh-Pemberton also suggested interest rates might come down in the next three months. Against this generally favourable background three-month interbank money fell to 11⅞ per cent from 12 per cent, and 12-month funds to 11⅞ per cent from 11¹⁵⁄₁₆ per cent. Discount houses buying rates for three-month eligible bank bills declined to 11⅝ per cent from 11¾ per cent.

There were several revisions to the Bank of England forecast of the money market shortage. It started at £400m, but was quickly revised to £550m and then to £600m before lunch.

Total help provided by the authorities was £556m. In the morning £498m bills were bought, including £20m outright by way of £15m bank bills in band 1 (up to 14 days maturity) at 12 per cent, and £5m bank bills in band 2 (15-33 days) at 11⅞ per cent. Another £478m bills were purchased for resale to the market on future dates. An amount of £75m bills were bought for resale on August 13 at 12 per cent, and £403m for resale on August 31 at 11⅞ per cent.

After lunch the Bank of England bought £3m bank bills outright in band 8 at 11⅞ per cent, and finally gave late assistance of £55m.

In New York Federal funds were firm, rising to around 11⅞ per cent at lunch from an opening of 11⅝ per cent, and Friday's close of 11⁹⁄₁₆ per cent. The Federal Reserve Bank did not intervene in the market.

MONEY RATES

Aug. 6	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11	2-3	5¾-5⅞	6.21875	16¼-16⅝	12	12⅛-12⅝
One month	5.80-5.95	11⅜-11½	4¼-4⅜	6⅟₁₆-6⅟₁₆	6.21875	16¼-16⅝	11⅜-11⅝	12⅝-12⅞
Two months	5.85-6.00	11½-11⅝	—	—	—	—	—	13⅛-13⅜
Three months	6.00-6.15	11⅞-11⅟₁₆	4⅞-4⅟₁₆	6⅜-6½	6.28125	16½-16⅞	11⅜-11⅝	13⅛-13¾
Six months	6.30-6.45	11⅞-12	—	6¾-6⅞	—	—	11½-11¾	13⅞-14⅛
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¼	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

FT LONDON INTERBANK FIXING

MONEY RATES

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 6, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be othrwise. In some cases market rates have been calculatd from those of foriegn currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fu) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.17
Algeria	Dinar	(A) 6.6510
Andorra	French Franc	11.665
	Spanish Peseta	215.30
Angola	Kwanza	(CM) 43.7625
Antigua	E. Caribbean $	3.55
Argentina	New Peso	83.58
Greenland	Danish Kroner	13.885
Grenada	E. Caribbean $	3.56
Guadaloupe	Local Franc	11.665
Guam	U.S. $	1.3175
Guatemala	Quetzal	1.3175
Guinea	Syli	32.40
Guinea-Bissau	Peso	110.30
Guyana	Guyanese $	4.9800
Peru	Sol	exe(A)47,.5786
Philippines	Philippine Peso	23.55
Pitcairn Islands	£ Sterling	—
	New Zealand £	2.6445
Poland	Zloty	147.99
Portugal	Portugu'se Escudo	196.475
Puerto Rico	U.S. $	1.3175

INTERNATIONAL CAPITAL MARKETS

WORLD STOCK MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 6.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
... 5³⁄₈ 94	100	†100¼ 100½	0	0	5.57
... 94	150	†101¾ 102	+0⅛	+0½	5.62
... 2	75	†100¼ 100½	0	0	5.93
... 5¾ 94	125	†99¾ 100	+0⅛	0	5.76
... 5½ 94	100	†98 98½	+0⅛	+0⅛	5.75
... 92 WW	100	†97 97½	−0⅛	+0⅝	4.42
... 92 XW	100	†88½ 88¾	0	+0½	6.22
... 5½ 92	100	†98 98¼	0	+0½	5.80
... 94	200	†99½ 99¾	–	–	6.18

Average price change On day +0⅛ on week +0⅞

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.date – Date next coupon becomes effective. Spread – Margin above six month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn – current coupon. C.yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Italy taps market for $500m FRN

By Peter Montagnon, Euromarkets Correspondent, in London

ITALY launched its first ever international borrowing in its own name yesterday in the form of a $500m floating rate note led by Bank of America International.

The issue comes after months of speculation about Italy's foreign borrowing policy and a heated debate within the Italian Treasury and the Bank of Italy about the wisdom of bringing the Republic itself to the market. Until now Italy has channelled its external borrowing through its major state sector agencies.

Heavy demand for floating rate notes in the bond markets last week, however, prompted a decision by the Republic to seek funds now. It intends to use the proceeds of the issue to alleviate problems facing communities in the south of the country that have been stricken by earthquakes.

The 15-year notes will bear a margin of ⅛ per cent over the six month offered rate for Eurodollar deposits in London (Libor).

Yesterday they were trading well within their total fees of 99 basis points at a discount of about 68 points. Co-lead managers are Banca Commerciale Italiana, Credit Suisse First Boston, IBJ International and Merrill Lynch.

Dealers said one attraction of the issue was its rarity value as a conventional floating rate note in a market that has become dominated by paper issued by commercial banks with weekly coupon fixings. The size of the issue also means it should be actively traded unlike smaller Italian bond issues in the past.

There was, however, a definite feeling of overkill in the floating rate note market yesterday after last week's euphoria. Two more banks – Chemical New York and Canadian Imperial Bank of Commerce – launched floating rate issues yesterday and both were moving rather slowly last night.

Both issues are for $150m over 12 years and both bear interest at the mean of the three month bid and offered rates for Eurodollar deposits in London.

Interest will be fixed weekly to allow investors to fund the paper with cheaper one-week money.

Fixed rate dollar bonds shed up to ½ point yesterday on profit-taking after last week's gains. Investors are nervous about the large U.S. treasury financing due in New York this week and about the continuing climb of the federal funds rate.

Continental European markets were very quiet yesterday.

BHF Bank bond average		
August 6 98.967		Previous 98.945
High 100.009	1984	Low 98.056

Swiss lending at record high

By John Wicks in Zurich

FOREIGN borrowings on the Swiss capital market reached a record level in the first half of this year according to the Swiss National Bank. Borrowing transactions subject to national bank approval totalled more than SwFr 23.9bn ($9.75bn) for the period, or about 18 per cent more than for the corresponding six months of 1983.

Although business expanded less rapidly on the Euromarket, Swiss issues by foreign borrowers continued to grow, reflecting the lifting of calendar restrictions on foreigners' bond issues at the start of the year. Their value rose sharply from SwFr 5bn to SwFr 6.2bn.

Notes issues increased by only about 2 per cent to SwFr 11bn, more than half the total still being accounted for by Japanese private placements.

In the authorised bank lending field finance loans went up from SwFr 3.68 to SwFr 4.7bn and export credits from SwFr 757m to SwFr 1.25bn for the period.

OVER-THE-COUNTER

Continued from Page 22

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					
McFarl	308	11⅞	11¼	11½	
McQuay	1553	17½	17⅛	17⅛	
Meder .04	232	6½	6	6	+⅛
MedCre	50	10⅝	10¼	10⅝	+¼
Megdat	179	12	11½	12	+½
Mentor	372	11¼	10½	11¼	+1
MentrG	1184	24	23¼	24	+⅝
MercB s 1.92	73	26	25¾	25¾	
[illegible]					
Powell	29	3	2⅞	3	+⅛
Powtc	119	18¼	17¾	18¼	+½
PwConv	1241	7	6½	7	+⅛
PrecCst 12	234	27¾	27	27¾	+¾
Preway .50b	38	6½	6½	6½	
Priam	1211	8½	8	8¼	+¼
PricCm	29	6¾	6¼	6½	
PricCo s	2137	47	44½	46½	+1½
[illegible]					
SumtH .05e	2408	8⅛	7	7⅞	+⅞
SunCst	70	3⅛	2⅞	3	
SunSL s	271	13½	12⅞	13½	+⅛
SupSky	5	8	8	8	
SuprEq	345	8¼	7½	8¼	+⅛
Sykes	891	3¼	3	3	
[illegible]					
Ziegler .44a	492	11¾	10¾	11	
Zitel	54	7	6⅛	6½	
Ziyad	61	11½	10⅝	11½	+⅛
Zondvn .34	181	15½	14¾	15	+⅛
Zymos	242	3¾	3½	3½	−⅛
Zytrex	636	4⅝	4⅝	4⅝	

Indices

NEW YORK-DOW JONES

	Aug 6	Aug 3	Aug 2	Aug 1	July 31	July 30	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1202.96	1202.08	1166.08	1134.61	1115.28	1109.89	1286.64 (6/1)	1086.57 (24/7)	1287.70 (19/11/83)	41.22 (2/7/32)
Transport	528.57	525.67	511.49	485.50	473.58	467.35	612.63 (6/1)	440.83 (25/7)	612.63 (6/1/84)	12.32 (8/7/32)
Utilities	128.40	126.49	127.31	124.37	123.03	123.84	134.83 (6/1)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol	-	23.85m	174m	127.52m	86.91m	72.33	–	–	–	–

	July 27	July 20	July 13	Year Ago (Approx)
Ind Div Yield %	5.08	5.14	5.16	4.62

STANDARD AND POORS

	Aug 6	Aug 3	Aug 2	Aug 1	July 31	July 30	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	184.73	184.29	178.89	174.79	170.81	170.21	190.84 (6/1)	167.74 (24/7)	194.84 (10/10/83)	3.62 (30/6/32)
Composite	162.68	162.37	157.98	154.08	150.66	150.19	169.28 (6/1)	147.82 (24/7)	172.15 (10/10/83)	4.40 (1/6/32)

	Aug 1	July 25	July 18	Year Ago (Approx)
Ind div yield %	4.20	4.34	4.26	4.88
Ind P/E Ratio	10.88	10.51	10.71	14.28
Long Gov Bond Yield	12.65	12.87	13.12	11.78

N.Y.S.E. ALL COMMON

Aug 6	Aug 3	Aug 2	Aug 1	1984 High	1984 Low
93.45	92.23	90.77	88.58	97.71 (6/1)	85.13 (24/7)

RISES AND FALLS

	Aug 3	Aug 2	Aug 1
Issues traded	2,038	1,884	1,995
Rises	1,488	1,459	1,381
Falls	314	255	324
Unchanged	236	270	310

TORONTO

	Aug 6	Aug 3	Aug 2	Aug 1	1984 High	1984 Low
Metals & Minls	closed	closed	1905.4	1854.78	2524.4 (12/1)	1841.3 (26/7)
Composite	closed	closed	2383.3	2253.2	2585.7 (6/1)	2079.3 (24/7)
MONTREAL Portfolio	115.47*	114.56	111.58	107.83	127.83 (16/1)	108.36 (24/7)

* Indicates pre-close figure

	Aug. 6	Aug. 3	Aug. 2	Aug. 1	1984 High	1984 Low
AUSTRALIA						
All Ord. (1/1/80)	735.6	713.0	705.3	687.5	797.9 (9/1)	646.3 (18/6)
Metal & Minls. (1/1/80)	466.2	440.1	420.8	410.8	567.4 (3/1)	404.9 (24/7)
AUSTRIA						
Credit Aktien (2/1/62)	55.29	55.39	55.49	55.46	56.27 (2/1)	53.38 (6/4)
BELGIUM						
Belgian SE (31/12/63)	149.78	148.62	146.48	144.31	156.25 (7/5)	135.28 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	184.09	189.63	186.76	185.27	225.21 (20/1)	179.27 (1/6)
FRANCE						
CAC General (31/12/82)	162.7	162.4	160.3	157.8	181.7 (3/5)	155.6 (3/1)
Ind Tendance (30/12/83)	106.4	105.4	104.0	102.5	118.0 (3/5)	98.4 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	336.17	335.30	332.50	328.48	378.94 (2/2)	317.17 (25/7)
Commerzbank (1/12/53)	978.6	974.2	965.5	955.7	1099.5 (2/2)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	905.47	894.80	893.69	826.74	1170.85 (19/3)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	211.87	209.24	209.28	208.75	229.57 (1/2)	192.08 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	10431.09	10253.61	10086.9	9948.46	11,190.17 (4/5)	9705.85 (25/7)
Tokyo SE New (4/1/68)	804.71	787.24	772.20	760.89	876.92 (2/4)	738.45 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	158.4	157.4	153.9	149.2	176.9 (1/2)	146.8 (24/7)
ANP-CBS Indust (1970)	128.5	126.9	125.8	121.7	147.2 (1/2)	118.7 (18/6)
NORWAY						
Oslo SE (4/1/83)	265.08	260.28	253.53	246.03	296.70 (8/5)	221.57 (4/1)
SINGAPORE						
Straits Times (1966)	994.87	965.38	964.05	945.71	1071.81 (2)	887.29 (12/7)
SOUTH AFRICA						
Gold (1958)	(u)	921.7	(u)	898.5	1075.6 (5/6)	788.1 (24/1)
Industrial (1958)	(u)	875.1	(u)	896.2	1105.8 (26/3)	875.1 (6/8)
SPAIN						
Madrid SE (30/12/83)	141.06	138.94	136.51	135.84	138.94 (6/8)	101.02 (6/1)
SWEDEN						
Jacobson & P. (1/1/58)	(u)	1517.89	1504.83	1480.56	1594.5 (8/2)	1,388.00 (29/5)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	376.5	369.5	363.6	(c)	388.5 (6/1)	354.6 (25/7)
WORLD						
Capital Intl. (1/1/70)	—	179.5	174.4	170.1	190.6 (3/6)	164.6 (24/7)

** Saturday July 28: Japan Nikkei-Dow 10,035.0. TSE 785.57.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
ATT	4,624,900	19⅛	+⅛
Merrill Lynch	4,383,900	31⅛	+3⅞
IBM	3,257,200	120¼	+5⅛
Am Express	2,549,700	33	+3
General Motors	2,538,800	72⅞	+2⅛
Chrysler	2,535,000	29½	+¼
Adv Micro	2,481,500	35⅛	+3⅞
Ford Motor	2,371,500	43	+1⅞
Exxon	2,356,500	39⅛	+1⅛
NCR	2,173,900	26⅜	+2⅛